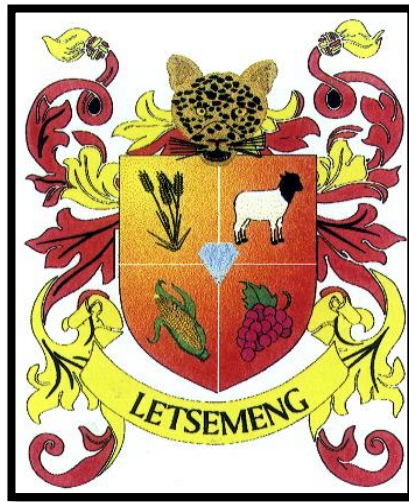


LETSEMENG LOCAL MUNICIPALITY



Draft Annual Report 2015/16

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



It is a great pleasure and honour for me, to once more present the annual report to the community of Letsemeng. The report covers the work done during 2015/16 financial year, which started in July 2015 to June 2016.

It is noteworthy to remember that 2016 was the election year for the local governments. Ordinarily, I expected that the elections would be held before the end of the financial. The proclamation by the Minister of Cooperative Governance and Traditional Affairs, Mr. D Van Rooyen MP, that local government elections was to be held on the 3rd of August 2016, led to an overlap of the new financial year with the term of the outgoing councils by a month.

The global changing weather patterns led to water as early as in December 2015 countrywide. This has not only disrupted water supply in communities, but has negatively affected the rural agricultural economy and raised the alarm of food security looking into the future. Water is life, we must use it sparingly and with care to preserve it for future generations.

I am not oblivious to the social ills resulting from poor performance of our economy in general, and the struggling micro-economy in particular. This has continued to erode the revenue base of our municipality resulting in large numbers of indigent families, thus weighing heavily on the equitable share the institution. Nonetheless this did not, and should not, deter us from keeping our commitments and the “oath of office” to serve our communities to the best of our abilities.

I am bound by our fledgling democracy to be accountable and responsive to the needs of our communities. I am also guided by the vision of the municipality in giving political direction and

formulation of policies and strategies that will ensure sustainable quality service delivery equitable in all communities in Letsemeng. I ensure that each year assessment of the previous targets set and performance thereof is rigorously done. Annually, the councillors and management hold a strategy workshop at which we revise, realign and adopt new strategies that the Council ultimately adopts.

Chapter 1

The municipality guarantees a firm commitment towards good governance, accountability and efforts to extend to our people the benefits accruing from the resources of this municipality.

I am pleased to present the Letsemeng Local Municipality's Annual Report for the 2015/2016 financial year. The report outlines our achievements and challenges for the past financial year, reflecting our vision and plans for the communities' future. Democratization of our beloved country imposed imperatives that compels us to communicate and inform both internal and external role players who strengthen accountability to the people and deepening democracy in the quest for a developmental state.

Vision

Maximised quality service to local communities

Mission

Informed by NDP, Provincial Growth Strategy and Back-to-Basic programme our mission to provide the best resource management capability at our disposal will be done through;

- ❖ a prosperous municipality that creates an enabling environment for shared economic growth and development
- ❖ achieving effective and equitable service delivery
- ❖ serving the community of Letsemeng as a well-governed and effectively run administration.
- ❖ contributing actively to the development of the towns environmental, human and social capital
- ❖ offering high-quality services to all who live in, or do business in Letsemeng and
- ❖ an efficient, effective and caring staff.

Values

- ❖ Commitment
- ❖ Innovativeness

Chapter 1

❖ Creativity

❖ Integrity

Key Policy Developments

Although the municipality is still facing challenges with the developmental agenda as espoused in the IDP and the Free State Growth and Development Strategy, there is progress in achieving some of the goals we have set for ourselves. This has made us to be more resolute in proceeding with the developmental agenda and build the municipality that is responsive to the plight of the communities, accountable and better managed to bring a better life to all.

During the course of the year under review the following was achieved:

- ❖ The municipality maintained a qualified audit opinion;
- ❖ A long term lease agreement was signed with a solar energy investor;
- ❖ The Memoranda of Understanding with Tongu County, Jiangxi Province in the Peoples Republic of China and the Barossa County in Australia are being revived;

The incoming Council will, after its strategic meeting, lay out the key strategic issues it will pursue in the coming five years in line with the major policy positions and developmental objections as set out in the IDP, FSGDP and the NDP.

I believe that Letsemeng Local Municipality will continue putting people first in its endeavours to fulfil its adopted motto that “We Sparkle in Pursuit of Service Excellence”.

Key Service Delivery Improvements

The focus in the previous year was to tirelessly work towards the improvement of the audit opinion, which we achieved. The municipality maintained again a qualified audit opinion. Pivotal to audit opinion improvement was the management of the fixed asset register, of the detail is in Audit Report below.

Further strides are being made in addressing unemployment, poverty and inequality. The long awaited project of a crusher plant and brick making has moved a step farther. Risk Assessment to determine the safety of the mine dump if the material to make bricks was used from it was completed and found to be safe if closely monitored. Petra Diamond Mine is currently conducting an environmental impact assessment

Chapter 1

(EIA), to determine the suitability of setting up a brick factory and the solar plant. These two projects will go a long way in addressing the skills levels in the community and reduce unemployment, especially from the youth.

The devastating drought has led to water restrictions throughout Letsemeng. Earlier in the year the municipality was requested to impose a further 15% restriction on the supply of water by Oranje Riet. It is currently the sole bulk supplier of water as Kalkfontein Dam has almost dried out. The silver lining in the cloud is the completion of the Jacobsdal clean water reservoir that was recently completed. This, we believe, will permanently eliminate the water problem we have at Jacobsdal once the building of the new water treatment plant is completed by the end of the next financial year.

All capital projects we embarked upon in during the course of the year are either complete or are about to be completed. A few of our local contractors have also benefited from these projects, including refurbishment projects sponsored by Petra Diamonds.

Part of the successes during the year under review is the installation of a bulk water pipeline at Ratanang to cater for the 202 sites that do not have piped water in the yards. This will also address the bucket system that is still in use at the area.

Challenges still remain. Crime has set us back through stealing of cables and vandalism of an electric panel at the Alpha pump station. This is the cause of unending sewer spillage into the Riet River and the leaking manholes in Dithlake. A permanent solution to the problem is being looked at.

Public Participation

Public Participation is the cornerstone of deepening the relationship between the communities and the municipality through improved community engagement mechanisms. Thus the functionality of the Ward Committees and regular ward meetings are imperative. The municipality did not do well in this field and it remains a challenge that the incoming Council should look at some of the issues below for effective strategy to be developed in addressing the failures;

- ❖ Public communication systems;
- ❖ Complaints management system;
- ❖ Feedback to communities.
- ❖ Service Delivery Satisfaction Survey for 15/16 Financial Year.

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- ❖ Proper documentation of Public Participation meeting held during the 15/16 Financial Year.

Capacity building of the incoming Ward Committees will also be key in ensuring that our communities participate fully in the democratic processes and strengthening of the municipality.

Future Actions

I need to point out that this is the end of term of the Council elected in 2011. Plans we had to implement in the previous year have been alluded to and some are reported in detail in the chapters below. Suffice to say the incoming Council will make its future plans known to the communities once it has had its strategic session to map out its course of action for the next five years.

Agreements / Partnerships

The municipality entered into a twenty year land lease agreement with Blue Wave Capital, a company that will be bidding to the Department of Energy to build a solar plant at Kalkaar No.14 farm. The farm is a vacant municipal land. This is in line with the national policy of making use of vacant municipal land for the economic development and empowerment of local communities.

Conclusion

It has been a difficult year to render uninterrupted and quality service to our communities in Letsemeng. However, we have under trying circumstances, delivered services to the majority of our communities.

We recognise the important role played by our citizens at the municipality. It is therefore fundamental that they collaborate and cultivate harmonious relations with the municipality to advance development and service delivery.

I must say that we remain committed to the principle of a responsive and accountable local government, a local government by the people, for the people.

Thank you

.....
Cllr. Thandiwe I. Reachable
Mayor / Speaker

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



Our motto “we sparkle in pursuit of service delivery” compels administration in general, and management in particular, to perform to our utmost best in ensuring that service delivery is rendered in an efficient and effective manner at all our communities irrespective of socio-economic status, colour or creed.

In pursuance of the motto, minor changes were effected in the technical department to accommodate the electrical manager in the organogram. Further staff placement and re-assignment of duties in the technical and community services departments were made in order to minimise escalating overtime costs and improve efficiencies. Some improvement is starting to show through the downward trend of overtime costs at one of our units and slight improvement of refuse removal at the other unit.

The following specific activities highlight where there has been either improvement or under performance.

Year after year the municipality seem to be facing the same challenges. The situation can only change if the municipality and the supporting economic sector cluster can bring about a radical economic transformation in the area. **The key challenges are;**

- ❖ Attracting economic investment opportunities to improve the economy of the municipal area;
- ❖ Professionalizing the institution so as to enable it to render efficient government services to the people as per the electoral mandate;
- ❖ Creating adequate job opportunities in attempting to alleviate poverty;
- ❖ Empowerment of the SMMEs and entrepreneurs to create job opportunities and increase economic activity in the area;
- ❖ Provide alternative means of support to rural/informal population in order to decrease dependencies on the grants
- ❖ Improvement of the road networks (internal and external roads);

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Council, management and staff strongly believe that challenges can be effectively addressed only if we maintain and continue to build partnerships that include all spheres of government, organizations of civil society, communities and the private sector.

The Municipality has now an internal audit unit in place. The risk management unit has also been established and headed by an officer.

The municipality is still having shared audit committee services with the district municipality.

Appreciation

I record my thanks and appreciation to the political leadership for support and guidance. The appreciation is also extended to the management and administration team who selflessly devoted so much time and effort in the execution of their mandates.

.....

Mr. BA Mnguni
Municipal Manager

Chapter 1

1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Our Municipality is situated in the South Western part of the Free State Province and forms part of the smallest District namely Xhariep District Municipality, a rich agricultural area with natural economic resources. The local municipality area measures 10 192 square kilometers in extend and comprises of five towns; Koffiefontein (which is the head office), Petrusburg, Jacobsdal, Oppermansgronde and Luckhoff. The figure below shows the Letsemeng area with its main towns and neighbouring municipalities of the Xhariep District.



Figure 1: Letsemeng Municipal Area

It borders the Northern (through Jacobsdal) and Western Cape Provinces and is renowned for diamond, salt and slate mining as well as irrigation farming along the Orange Riet Canal and Van der Kloof Dam.

The N8 route transgresses the area to the North West and links Kimberley and Bloemfontein via Petrusburg.

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The five towns are connected with tarred road infrastructure via Koffiefontein. The R705 links Jacobsdal with Koffiefontein while the R48 links Petrusburg, Koffiefontein and Luckhoff in a north-south direction. The R704 links Koffiefontein, Fauresmith and Jagersfontein with one another.

The municipal area also accommodates Oppermansgronde, just west of Koffiefontein, which is part of a land restitution project. Several pans occur in the area while the Van der Kloof dam, Kalkfontein Dam and Wuras Resort are some of the more prominent water sources available near the area. The Riet River drains through the area in a Westerly direction while the Orange River is the border west of the area. Although there are ample water sources available near the area, access to potable water in some of the towns remain problematic.

The Northern parts of the municipal area surrounding Petrusburg are good cultivated agricultural land while the southern area is renowned for livestock farming.

Table 1: Overview of Neighbourhoods within Letsemeng Municipality

| Overview of Neighbourhoods within Letsemeng | |
|---|------------|
| Settlement Type | Households |
| Towns | |
| Jacobsdal | 1003 |
| Koffiefontein | 3203 |
| Petrusburg | 2639 |
| Luckhoff | 1007 |
| Sub-Total | 7852 |
| Townships | |
| Ratanang | 1112 |
| Bolokanang | |
| | |
| Sub-Total | |
| Rural settlements | 1717 |
| Oppermansgronde | 230 |
| | |
| Sub-Total | 1947 |
| Informal settlements | 202 |
| | |
| Sub-Total | 202 |
| Total | 11113 |
| | T 1.2.6 |

Chapter 1

DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE

The population figures are based on the census conducted in 2011 and the recent 2015 household survey. Migration tends to be voluntary, in most cases it is in search of better economic opportunities and a quality of life. A case in point are foreign nationals. Thus migration patterns are difficult to measure, keep track and get the exact reasons for migrating.

According to the 2015 survey, there is a negative growth of -1.04% in Letsemeng. It is an indication that more and more people are moving out of the municipality for various reasons. The population in Letsemeng currently stands at 38 628. This is according to the latest STATSSA figures.

Unemployment has marginally increased from 22.8% to 22.30%. Suffice to say the effect of drought and decreasing job opportunities might have a direct effect on migration out of the Letsemeng jurisdiction. Youth unemployment stands at 27.7%, which poses another challenge to the municipality and all Sector Departments to pay special attention to the youth in terms of both employment and economic empowerment.

Table 2: Census Key Statistics

| Census Key Statistics | |
|--|--------|
| Population | 38 628 |
| Age Structure | |
| Population under 15 | 29.70% |
| Population 15 to 64 | 64.80% |
| Population over 65 | 5.40% |
| Dependency Ratio | |
| Per 100 (15-64) | 54.20 |
| Sex Ratio | |
| Males per 100 females | 105.70 |
| Population Growth | |
| Per annum | -1.04% |
| Labour Market | |
| Unemployment rate (official) | 22.30% |
| Youth unemployment rate (official) 15-34 | 27.70% |
| Education (aged 20 +) | |
| No schooling | 17.70% |
| Higher education | 4.80% |
| Matric | 18.70% |
| Household Dynamics | |
| Households | 11 242 |
| Average household size | 3.30 |
| Female headed households | 33.50% |
| Formal dwellings | 83.20% |
| Housing owned | 54.00% |
| Household Services | |
| Flush toilet connected to sewerage | 72.80% |

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| Census Key Statistics | |
|-----------------------------|--------|
| Weekly refuse removal | 68.00% |
| Piped water inside dwelling | 49.80% |
| Electricity for lighting | 92.80% |

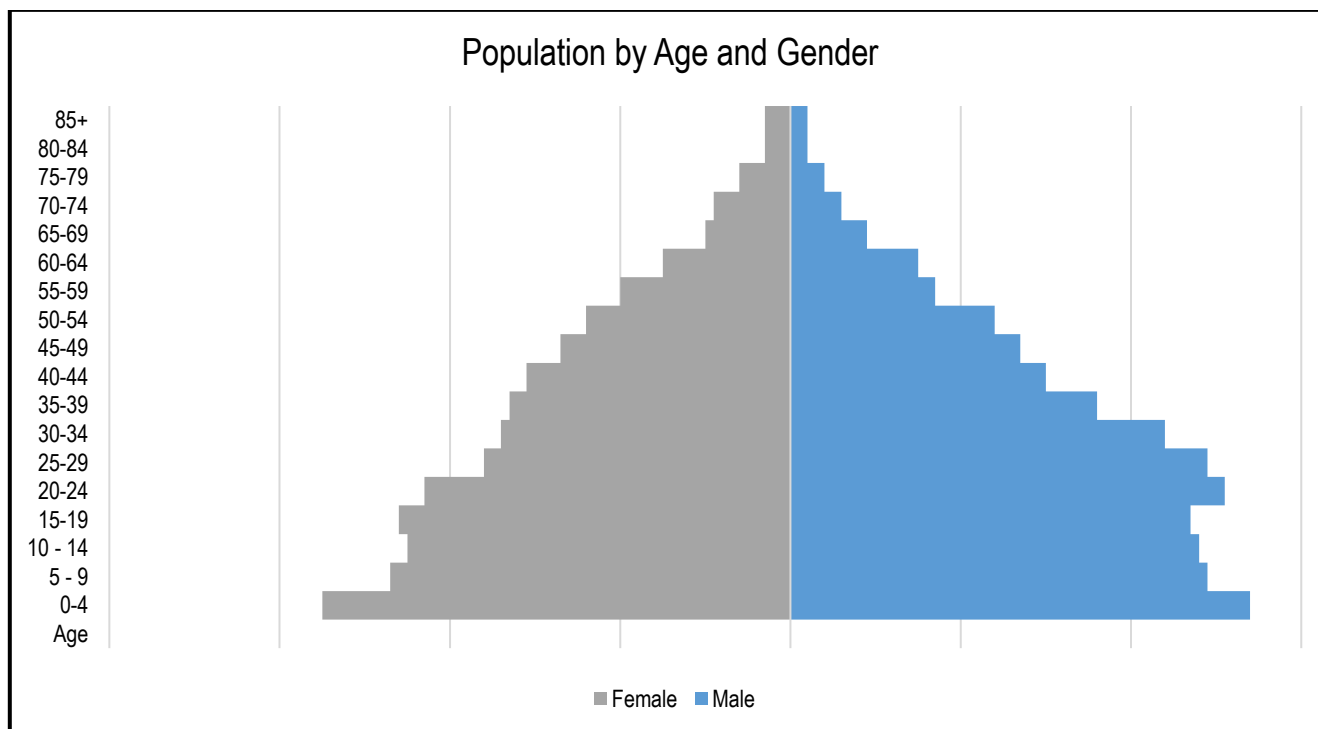


Figure 2: Population by Age and Gender

Table 3: Distribution of Population by Population Group

| | Census 2011 |
|---------------|-------------|
| Black African | 67.80% |
| Coloured | 23.40% |
| Indian/Asian | 0.30% |
| White | 8.10% |

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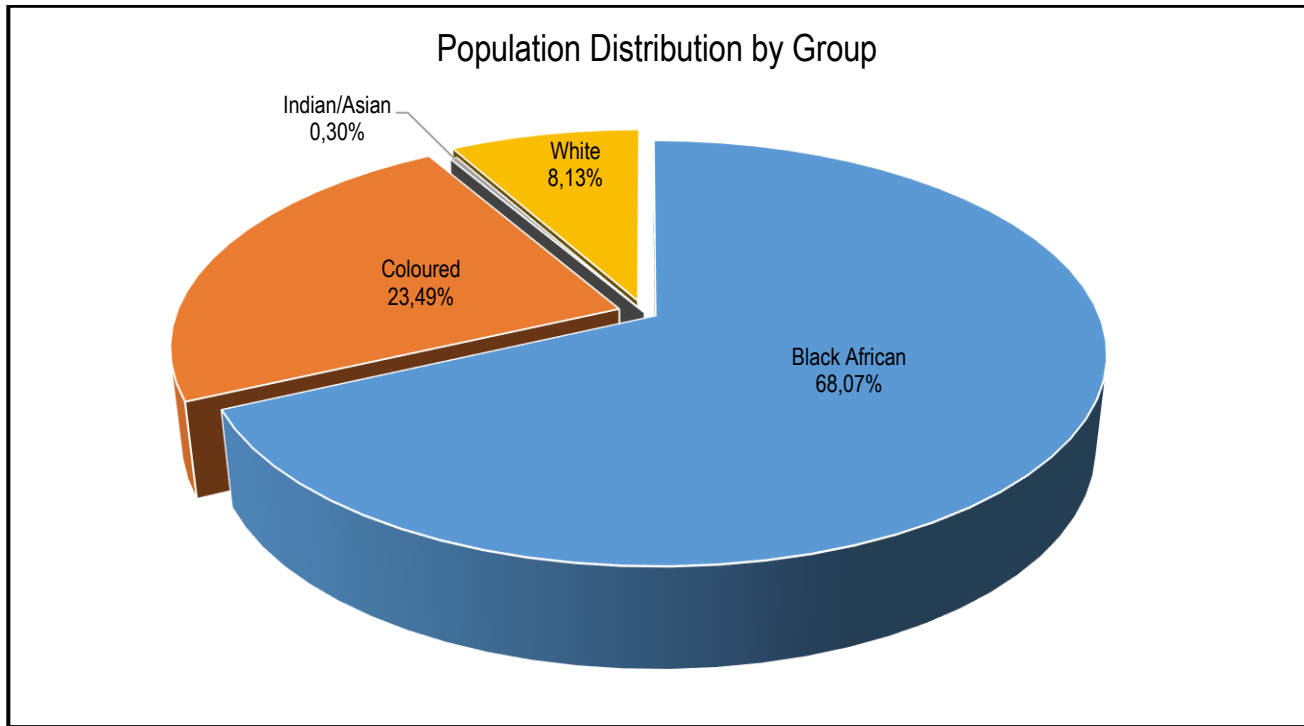


Figure 3: Distribution of Population by Population Group

Households

There are 11 242 households in the municipality according to Stats SA. The technical department conducted a physical count of households at all five towns, there are 8 369 houses), with an average household size of 3, 3 persons per household. 90, 8% of households have access to piped water either in their dwelling or in the yard. Only 2, 2% of households do not have access to piped water.

The figures above are according to the 2011 census, and they are still official stats. The view might slightly change following the physical count done by the municipality.

Table 4: Settlement Type

| Area | Percentage |
|--------------------|------------|
| Urban | 83,3% |
| Tribal/Traditional | 0% |
| Farm | 16,7% |

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Housing and dwellings

All urban areas are composed of various residential components varying from formal housing units to informal dwellings units as indicated in the table below. Within the Local Municipality, 83.2% of the population live in formal housing, 16.1% in informal housing and only 0.5% in traditional housing. This reflects that the housing backlog is not that huge but will increase with the new development patterns in the municipality.

The following issues were highlighted regarding the housing delivery:

- ❖ Lack of funding for housing development;
- ❖ Access to land for sustainable human development;
- ❖ Construction of more RDP houses;
- ❖ Provision of services to new residential sites;
- ❖ Fast tracking land availability and transfer of land;
- ❖ Slow delivery of housing development;
- ❖ Lack of capacity at local municipal level;

Socio economic status

The socio-economic growth of the municipality is centred on agriculture. The municipality area also has mining activities that are taking place with diamond minerals being the major natural resource which helps with employment creation. The municipality's efforts is to create an environment that will be conducive for investment and entrepreneurs to do business.

The LED division at the municipality is making effort to empower local small business and individuals to take advantage of local procurement, organize workshops business skills and making comply with relevant pieces of legislation.

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However, the challenge is the sustainability thereof due to limited financial resources and lack of skills by various people to run their own projects. Whilst the trend is worldwide in that about 96% of businesses/projects fail within the first five years, the municipality will make an effort to reduce the failure rate.

Letsemeng Municipals economy is characterized by the following:

- ❖ Mining and agricultural sector are the largest contributor to the local economy;
- ❖ The decline in the agricultural sector over the recent years has had an adverse effect on the employment potential of the rural areas;
- ❖ Luckhoff has the highest unemployment rate;
- ❖ De Beers Mines contributed a major part to the local economy before it was closed;

By virtue of its geographic location the Municipality prides itself as a natural transportation route for people travelling to destinations such as Bloemfontein since one of the major national roads, namely N8 passes through the municipal area.

Income distribution

In order to determine the people's living standards, as well as their ability to pay for basic services, such as water and sanitation, the income levels of the local population are analysed.

Household Income

Household income is a parameter which is, amongst others, also indicative of poverty levels within a community. A financially healthy community's household income usually displays a so-called "normal" income distribution pattern where the income is spread over a fairly wide range of income categories, and the income of the bulk of the community is situated more or less within the first half to two thirds of the income category range.

Females are more likely to be unemployed and looking for work than males. Poor communities are sometimes highly dependent on the environment for survivals and, in this regard, almost always over-exploit the environment.

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Only 10.2% of households in the Letsemeng Municipal fall within the “No income” category. Of concern is that 7.4% of the households in Letsemeng have an annual income of less than R 10 000 and 23.9% of the households have an annual income of less than R19 601.00.

Table 5: Income profile

| Income | Percentage |
|-------------------------|------------|
| None income | 10,2% |
| R1 - R4,800 | 4,2% |
| R4,801 - R9,600 | 7,4% |
| R9,601 - R19,600 | 23,9% |
| R19,601 - R38,200 | 24,6% |
| R38,201 - R76,4000 | 14,1% |
| R76,401 - R153,800 | 8% |
| R153,801 - R307,600 | 4,5% |
| R307,601 - R614,400 | 2,3% |
| R614,001 - R1,228,800 | 0,5% |
| R1,228,801 - R2,457,600 | 0,2% |
| R2,457,601+ | 0,1% |

Education and skills

11 788 people are economically active (employed or unemployed but looking for work), and of these 22,3% are unemployed. Of the 6 058 economically active youth (15 – 34 years) in the area, 27,7% are unemployed. The level of skills within an area is important to determine the level of potential employment.

Using the expanded definition, on average 22.3% of the population in Letsemeng is unemployed, with the highest rate of unemployment being in rural areas.

This high unemployment rate has serious repercussions on the ability of the residents of Letsemeng to pay for their daily needs. Unemployment is more than 21% in all of the areas and the highest is in Luckhoff at 32%.

Table 6: Employment Status:

| Employment Status | Number |
|-------------------------|--------|
| Employed | 9164 |
| Unemployed | 2624 |
| Discouraged Work Seeker | 1745 |
| Not Economically Active | 11518 |

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Table 7: Educations and skills profile

| Group | Percentage |
|---------------------|------------|
| No Schooling | 4,4% |
| Some Primary | 45,4% |
| Completed Primary | 8% |
| Some Secondary | 29,9% |
| Completed Secondary | 8,6% |
| Higher Education | 0,6% |
| Not Applicable | 3,1% |

Table 8: Distribution of population aged 20 years and older by level of education attained

| Group | % |
|---------------------|-------|
| No Schooling | 4,4% |
| Some Primary | 45,4% |
| Completed Primary | 8% |
| Some Secondary | 29,9% |
| Completed Secondary | 8,6% |
| Higher Education | 0,6% |
| Not Applicable | 3,1% |

Table 9: Employment status of population aged between 15 and 64 years by gender and geography

| Geography | Employed | | | Unemployed | | | Not economically active | | | Unemployment rate | | |
|-----------------|----------|------|-------|------------|------|-------|-------------------------|------|-------|-------------------|------|-------|
| | M | F | Total | M | F | Total | M | F | Total | M | F | Total |
| FS161:Letsemeng | 5928 | 3236 | 9164 | 1170 | 1454 | 2624 | 6036 | 7227 | 13263 | 16.5 | 31.0 | 26.8 |
| Koffiefontein | 1192 | 736 | 1928 | 331 | 396 | 726 | 1672 | 2255 | 3928 | 21.7 | 35.0 | 27.4 |
| Ratanang | 488 | 386 | 874 | 138 | 129 | 268 | 606 | 833 | 1439 | 22.0 | 25.0 | 23.5 |
| Jacobsdal | 474 | 292 | 766 | 151 | 138 | 289 | 537 | 691 | 1228 | 24.2 | 32.1 | 27.4 |
| Riet Rivier | 289 | 102 | 391 | 3 | 6 | 9 | 83 | 191 | 274 | 1.0 | 5.6 | 2.3 |
| Petrusburg | 1172 | 758 | 1931 | 357 | 492 | 848 | 1066 | 1417 | 2484 | 23.3 | 39.4 | 30.5 |
| Oppermans | 121 | 72 | 194 | 32 | 36 | 68 | 120 | 167 | 287 | 20.9 | 33.3 | 26.0 |
| Luckhoff | 327 | 201 | 528 | 126 | 133 | 259 | 578 | 797 | 135 | 27.8 | 39.8 | 32.9 |

1.3 SERVICE DELIVERY OVERVIEW

Water

The Municipality's objective remains that of ensuring at least 100% of its inhabitants have access to portable water. Measures are being implemented on a regular and on-going basis to ensure that this objective is achieved. We will continue to ensure that this is met and clean water is delivered to our communities. Where necessary and required, the municipality will engage the Provincial/National Government as well as other

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key stakeholders. Projects such as the Petrusburg one undertaken in the previous year is an example of such coordinated and joint efforts.

90,8% of households have access to piped water either in their dwelling or in the yard. Only 2, 2% of households do not have access to piped water.

Table 10: Distribution of households with access to piped (tap) water by geography

| Geography | Households | | | | Percentages | | | |
|------------------|-----------------------------------|---------------------------------------|--------------------------------|-------|-----------------------------------|---------------------------------------|--------------------------------|-------|
| | Piped (tap) inside dwelling/y ard | Piped (tap) water on communit y stand | No access to piped (tap) water | Total | Piped (tap) inside dwelling/y ard | Piped (tap) water on communit y stand | No access to piped (tap) water | Total |
| FS161: Letsemeng | 10211 | 788 | 243 | 11242 | 90.8 | 7.0 | 2.2 | 100.0 |
| Koffiefontein | 3180 | 8 | 15 | 3203 | 99.3 | 0.3 | 0.5 | 100.0 |
| Ratanang | 1105 | 1 | 6 | 1112 | 99.3 | 0.1 | 0.5 | 100.0 |
| Jacobsdal | 646 | 354 | 3 | 1003 | 64.4 | 35.3 | 0.3 | 100.0 |
| Riet River | 224 | 78 | 30 | 332 | 67.6 | 23.5 | 8.9 | 100.0 |
| Petrusburg | 2400 | 154 | 85 | 2639 | 91.0 | 5.8 | 3.2 | 100.0 |
| Oppermans | 230 | - | - | 230 | 100.0 | - | - | 100.0 |
| Luckhoff | 987 | 17 | 3 | 1007 | 98.0 | 1.6 | 0.3 | 100.0 |

Sanitation

The Municipality's continues to provide proper sanitation facilities to all communities. The municipality managed to reduce the number of bucket toilets. To date there are two hundred households who are still using a bucket system. Plans are afoot to totally eradicate the system.

Table 11: Toilet Facility

| Toilet Facility | Percentage |
|---|------------|
| None | 5% |
| Flush toilet (connected to sewerage system) | 72,8% |
| Flush toilet (with septic tank) | 2,7% |
| Chemical toilet | 0,5% |
| Pit toilet with ventilation | 10,5% |
| Pit toilet without ventilation | 5,3% |
| Bucket toilet | 2,3% |
| Other | 0,8% |

Electricity

Electricity provision in the Municipality is jointly supplied by ESKOM and the Municipality. The Municipality is servicing all the five towns under its jurisdiction, which are Koffiefontein, Petrusburg, Oppermansgronde,

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Jacobsdal and Luckhoff. The municipality also sells prepaid electricity to some Koffiefontein and Luckhoff residents. There are townships where ESKOM is the supplier.

Table 12: Distribution of households with access to electricity for lighting by geography

| Geography | Households | | | | Percentages | | | |
|------------------|-------------|-------|------|-------|-------------|-------|------|-------|
| | Electricity | Other | None | Total | Electricity | Other | None | Total |
| FS161: Letsemeng | 10430 | 796 | 17 | 11242 | 92.8 | 7.1 | 0.1 | 100.0 |
| Koffiefontein | 3157 | 41 | 5 | 3203 | 98.6 | 1.3 | 0.2 | 100.0 |
| Ratanang | 1068 | 44 | - | 1112 | 96.0 | 4.0 | - | 100.0 |
| Jacobsdal | 809 | 187 | 7 | 1003 | 80.6 | 18.7 | 0.7 | 100.0 |
| Riet Rivier | 258 | 74 | - | 332 | 77.7 | 22.3 | - | 100.0 |
| Petrusburg | 2524 | 112 | 2 | 2639 | 95.7 | 4.3 | 0.1 | 100.0 |
| Oppermans | 227 | 2 | - | 230 | 98.9 | 1.1 | - | 100.0 |
| Luckhoff | 919 | 88 | - | 1007 | 91.3 | 8.7 | - | 100.0 |

Refuse removal

Waste Removal Services are provided to all the towns Koffiefontein, Petrusburg, Luckhoff, Oppermansgronde and Jacobsdal. These land fill sites with the exception of Jacobsdal and Petrusburg, are currently used as transfer stations and will be registered accordingly and be used fully as land fill sites.

Table 13: Distribution of households by type of refuse removal and geography

| Geography | Households | | | | | Percentages | | | | |
|------------------|-----------------|----------|-------------|-------|-------|-----------------|----------|-------------|-------|-------|
| | Formal Dwelling | Informal | Traditional | Other | Total | Formal Dwelling | Informal | Traditional | Other | Total |
| FS161: Letsemeng | 9358 | 1812 | 17 | 55 | 11242 | 83.2 | 16.1 | 0.1 | 0.5 | 100.0 |
| Koffiefontein | 2659 | 538 | 1 | 5 | 3203 | 83.0 | 16.8 | 0.0 | 0.2 | 100.0 |
| Ratanang | 861 | 240 | 2 | 10 | 1112 | 77.4 | 21.6 | 0.2 | 0.9 | 100.0 |
| Jacobsdal | 598 | 395 | - | 10 | 1003 | 59.6 | 39.4 | - | 1.0 | 100.0 |
| Riet River | 251 | 76 | 5 | - | 332 | 75.6 | 23.0 | 1.4 | - | 100.0 |
| Petrusburg | 2181 | 450 | 1 | 7 | 2639 | 82.6 | 17.1 | 0.0 | 0.3 | 100.0 |
| Oppermans | 229 | 1 | - | - | 230 | 99.5 | 0.5 | 0 | 0 | 100.0 |
| Luckhoff | 937 | 60 | 1 | 8 | 1007 | 93.1 | 6.0 | 0.1 | 0.8 | 100.0 |

Housing

The objective of the Municipality is to facilitate provision of adequate and affordable housing structures to the communities in its area of jurisdiction. Provision for houses is not the core competency of the Municipality, this objective is undertaken in partnership with the Provincial Department of Human Settlement which continues to allocate houses to residents on an on-going basis. This is mainly due to the fact that demand for housing remains a big challenge but remain committed to facilitate the provision of shelter to the communities we serve.

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Roads and Storm Water

Another aim of the municipality is to facilitate the adequate and constant maintenance of access roads and to ensure regular maintenance of all internal roads. Every year, a lot more kilometres of internal roads have been repaired. Furthermore, there is an annual allocation to ensure that roads are maintained.

The proportion of households with access to the minimum level of services is shown in the table below:

Table 14: Proportion of Households with minimum level of Basic Services

| Proportion of Households with minimum level of Basic services | | | | |
|---|---------|---------|---------|---------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| Electricity service connections | 100% | 100% | 100% | 100% |
| Water - available within 200 m from dwelling | 98% | 98% | 99% | 99% |
| Sanitation - Households with at least VIP service | 99% | 99% | 99% | 99% |
| Waste collection - Kerbside collection once a week | 100% | 100% | 100% | 100% |

1.4 FINANCIAL OVERVIEW

This overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the annual financial statements.

Table 15: Financial Overview – 2015/16

| Financial Overview: 2015/16 | | | |
|----------------------------------|-----------------|-------------------|------------------|
| Details | Original budget | Adjustment Budget | R' 000 Actual |
| Income: | | | |
| Grants | 53 514 | 53 514 | 68 815 |
| Taxes, Levies and tariffs | 65 269 | 56 886 | 55 460 |
| Other | 14 143 | 5 143 | 9 007 |
| Sub Total | 132 926 | 115 543 | 133 282 |
| Less: Expenditure | -132 637 | -115 543 | -185 447 |
| Net Total* | 289 | - | -52 165 |
| * Note: surplus/(deficit) | | | |

Table 16: Operating Ratios

| Operating Ratios | | |
|-----------------------|---------|---------|
| Detail | 2014/15 | 2015/16 |
| | % | % |
| Employee Cost | 29.64% | 36% |
| Repairs & Maintenance | 2.62% | 4.1% |
| Finance Charges | 20.18% | 16.5% |

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Table 17: Total Capital Expenditure

| Total Capital Expenditure: '2013/14 to '2015/16 | | | R'000 |
|---|---------|---------|---------|
| Detail | 2014/15 | 2015/16 | |
| Original Budget | 43 034 | | 66 807 |
| Adjustment Budget | 32 454 | | 22 219 |
| Actual | 23 989 | | 10 115 |
| | | | T 1.4.4 |

COMMENT ON CAPITAL EXPENDITURE

The municipality's property, plant and equipment for the financial year under review amounted to R 568 867 825 compared to R 565 774 216 million for the previous year.

Capital commitments as at 30 June 2016 amounted to R 568 867 825 million (2015: R 565 774 216 million).

The fixed assets were financed from government grants.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

Staffing

The vacancy rate at senior management level has been drastically reduced. The post of the technical director which has been vacant from 11 February 2015 will also be filled soon. The post of the CFO was filled in January 2016 after nineteen months being vacant. The Community Director's post has also been filled.

There is still some key posts at lower levels of the organogram that need to be filled with urgency. The challenge the institution will forever battle with is the retention of skilled personnel. The geographical location and the financial position of the municipality are major deterrents to potential candidates.

1.6 AUDITOR GENERAL REPORT

AUDITOR-GENERAL REPORT: 2014-15- 2015/16

The municipality received a qualified audit opinion for the financial year 2014/2015 (detailed audit report attached in chapter 6).

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For the period under review the audit opinion did not change, the municipality received again a qualified audit opinion for the 2015/16 financial year. The main issue that resulted in a qualified audit opinion was with regards to revenue, property, plant and equipment and compliance issues.

1.7 STATUTORY ANNUAL REPORT PROCESS

According to legislation the Annual Report of a municipality must be tabled in the municipal council on or before 31 January each year. In order to enhance Councils oversight function the municipality should submit their Annual Reports as soon as possible after the financial year end ideally this ought to be the end of August. Both the draft Annual Financial Statements and the Annual Performance Report were submitted by the end of August to the Auditor-General. Management is currently developing processes and systems in order to ensure that the remaining sections be in place for the 2015/16 Annual Report process. It is expected that the entire process should be concluded by the end of January. The legislative process for the creation, submission, review and approval of the 2015/16 Annual Report is set out in the table below.

Table 18: Statutory Annual Report Process

| No. | Activity | Timeframe |
|-----|--|--------------------------|
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period | July 2016 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise the 4th quarter Report for previous financial year | |
| 4 | Submit draft 2015/16 Annual Report to Internal Audit and Auditor-General | |
| 5 | Municipal entities submit draft annual reports to MM | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant) | August 2016 |
| 8 | Mayor tables the unaudited Annual Report | |
| 9 | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General | |
| 10 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 11 | Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data | September – October 2016 |
| 12 | Municipalities receive and start to address the Auditor General's comments | January 2017 |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report | |
| 14 | Audited Annual Report is made public and representation is invited | February 2017 |
| 15 | Oversight Committee assesses Annual Report | |
| 16 | Council adopts Oversight report | March 2017 |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | March 2017 |

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the communities are heard in decision-making. It is also responsive to the present and future needs of society.

The Letsemeng Local Municipality is an organ of state within the local sphere of government. It was established by means of Provincial Notice No 181, published in the Free State Provincial Gazette of 28 September 2000. The Municipality is a municipality with plenary executive system determined by the Determination of Types of Municipality Act, 2000 (Act No. of 2000).

In terms of section 151(3) of the Constitution of the Republic of South Africa the municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to the national and provincial legislation, as provided for in the Constitution.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Section 151 of the Constitution, 1996 states that the executive and legislative authority of a municipality is vested in its municipal council. This is complemented by the Municipal Structures Act and Municipal Systems Act. In terms of section 160(2) of the Constitution, 1996, the following powers may not be delegated by a municipal council and must therefore be exercised by council: passing of by-laws, approval of budgets, imposition of rates and taxes, levies and duties and the raising of loans. The Speaker is appointed by Council and performs her functions in terms of section 37 of the Municipal Structures Act, such as presiding at council meetings and overseeing the work of council committees.

The Municipal Council uses a governance system that applies plenary executive type system. It is consisted of eleven (11) Councillors with a Speaker/Mayor being a member who has been designated as full time councillor. In terms of section 36(5) of the Local Government: Municipal Structures Act, No. 117 of 1998, the speaker must be called mayor as the Letsemeng Municipal Council is plenary executive type system.

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The main obligations of the Municipal Council is to formulate and endorse or pass by – laws, policies, most importantly the Integrated Development Plan and the Medium term revenue and expenditure framework (Budget)

The Speaker presides over Ordinary as well as Special Council meetings. The administration dispatch notices and agendas to Councillors forty eight (48) hours before the commencement of the council meetings as determined in the Standard Rule and Orders.

The Mayor as a political head of the Municipal Council attends to day to day obligations of the Municipal Council by playing oversight role over the administration and represent the meeting at the district and provincial intergovernmental relation forums as well as at the, South African Local Government Association. The Mayor provides general guidance over the fiscal and financial affairs of the municipality as well as the Integrated Development Plan.

The Council has established six Section 79 Committees in terms of the Municipal Structures Act and the Municipal Finance Management Act to process items before they could be forwarded to the Municipal Council and i.e. Planning and Development, Corporate Services, Budget and Treasury, Technical Services, Community Services and Health Committee. These Committees process items before they could be forwarded to the Council.

The different Departments of the Municipality prepare reports that are then submitted to the Council for consideration and approval. Important to note is that the Section 79 Committees and Municipal Council sit as per schedule of Council meetings that was adopted by the Council.

The Municipal Council has established an Oversight Committee, which is composed of three members, one community member and two Council members; and the Council by playing an Oversight role in the activities that are performed by the Municipality.

The Annual Report is prepared by the Performance Management Unit in collaboration with other departments. When the management is satisfied with this report it is then submitted to the Council for noting before the 25th of January of each year. Subsequent to this process it is forwarded to the Oversight Committee before the 31st March of each year for assessment and thereafter it is presented before the Council with the Committee comments and recommendations. The Annual Report and the Oversight Committee report are submitted to Departments of Treasury, Cooperative Governance and Traditional Affairs for comments. Furthermore, these reports are separately published to the community for comments.

The Internal Audit Unit conducts audit throughout the year in terms of their audit plan and prepares Audit packs/reports that are then submitted to the Internal Audit Committee. After consideration of these reports the Audit Committee forwards its recommendations to Council for considerations and approval

Chapter 2

The Municipality has appointed the Municipal Manager who is the head of the administration. He is responsible for day to day operations of the organization and accounts to the Mayor in between Council meetings. Other senior managers who have been appointed in terms of section 56 of the Local Government: Municipal Systems Act, 2000 reports directly to the Municipal Manager. It is important to highlight that the Municipality is composed of four (4) departments that are headed by departmental heads, section 56 managers, excluding the office of the Municipal Manager i.e. Corporate Services, Budget and Treasury, Community Services and Technical Services. .

POLITICAL STRUCTURE

| | Function |
|---|---|
| MAYOR Cllr TI Reachable | |
| Section 79 Committee Chairpersons Cllr TI Reachable Cllr M Tsiloane Cllr M Jantjies Cllr P Louw Cllr P Dibe Cllr M Mpatshela | Chairperson for Planning and Development Committee Chairperson for Budget and Treasury Committee Chairperson for Corporate Services Committee Chairperson for Technical Services Chairperson for Community Services Chairperson for Health |

COUNCILLORS

The Municipal Council of Letsemeng Local Municipality comprises of eleven (11) Councillors. Six of them were elected to represent wards and five (5) were proportional representative. The Council was represented of three political parties as follows:

African National Congress: Eight (8)

Democratic Alliance: Two (2)

Congress of the People: One (1)

Chapter 2

Six members of Council, including the Mayor were designated as Chairpersons of Section 79 Committees. Each Committee is composed of three members which includes the Chairperson of the Committee. Furthermore, it has established an oversight committee which is composed of two Council members **and one Community member**, The Ward Councillors are Chairpersons of Ward Committees, and the Ward Committee serves as an advisory committee to the wards councillors.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the accounting officer of the municipality and the head of the administration and reports directly to the Mayor and Council. Directors (section 56 managers') report directly to the Municipal Manager and their performance is managed by the Municipal Managers in terms of the annually signed performance agreements and plans.

Directors are responsible for the management of their respective functions/departments, which include the management of service delivery programs and targets, personnel and budgets.

The Municipal Manager ensures accountability by departments through weekly and monthly management meetings and quarterly performance reviews of Directors.

TOP ADMINISTRATIVE STRUCTURE

| POST DESIGNATION | | FUNCTION | PERFORMANCE AGREEMENT SIGNED YES/NO |
|------------------|--|--|-------------------------------------|
| 1. | MUNICIPAL MANAGER Mr. BA Mnquni | Accounting Officer/Head of Administration | Yes |
| 2. | DIRECTOR: CORPORATE SERVICES Mr. T Deeuw | <i>Human Resources, Auxiliary and Legal Services, Council Support</i> | Yes |
| 3. | CHIEF FINANCIAL OFFICER Mr. MK Khoabane | <i>Expenditure, Revenue, Assets & Liability Management, Budgeting & Reporting</i> | Yes |
| 4. | DIRECTOR: COMMUNITY SERVICES Mr. CJ Makhoba | <i>Waste Management, Sport & Recreation, Arts & Culture, Public Safety and Parks</i> | Yes |
| 5. | DIRECTOR: TECHNICAL SERVICES Vacant: Acting Director | <i>Water, Sanitation, Electricity, Roads & Storm water, Urban Planning and PMU</i> | Yes |

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Letsemeng Municipality through the 2015/16 financial year participated in a number of intergovernmental forums. This ensures that the Municipality is kept up to date on key developments in strategic areas of its responsibilities.

Through active participation in these forums and the available platform created the Municipality exchanges ideas and interact with other spheres of government.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality participate in the National South African Local Government Association Members Assembly which is held once annually. The municipalities converge annually at the assembly to discuss matters that affects the municipality and resolved how to tackle the challenges faced by the municipalities

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipality is part of the Provincial Coordinating Forum which is used to facilitate intergovernmental relations between the province and local government in the province. The Municipality also participates in Provincial Forums which include Provincial IDP Forum, Provincial Energy Forum, Provincial AIDS Forum as well as South African Local Government Association (SALGA).

DISTRICT INTERGOVERNMENTAL STRUCTURES

Meetings are been held once in a quarter, whereby the District Municipality is responsible for ensuring the co-ordination of intergovernmental relations within the district municipality with local municipalities in the district. District Coordinating Forum consists of the Executive Mayor of the District and three other local municipalities' Mayors who are primary members of this structure.

Technical Support Committee

This Committee consists of the District Municipal Manager and other three Local Municipal Manager who are primary members of the structure. The Committee must meet at least once per quarter with other stakeholders to process issues in preparation of the political District Forum.

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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality improved on the responsibilities mentioned above as indicated in the 2015/2016 IDP by:

- Providing feedback to different communities on issues people raised during the first round of public engagements.
- Providing progress report on funded projects implemented in the different Wards.
- Providing opportunity for communities to making input to the 2015/2016 IDP process.
- Providing Ward Committee an opportunity to prioritise inputs received from the different wards.
- Encouraging Ward Councillors and Ward Committees to do further consultation about communities service delivery priorities.
- Encouraging communities, Stakeholders and individual members of society to make use of the opportunity to do submission regarding the IDP review and budget of the municipality.

The staff is allocated wards to work with and report on their activities. There are also members of ward committees responsible for different sections in their wards. These measures have helped as members of community reports issues related to service delivery at their earliest occurrence.

2.4 PUBLIC MEETINGS

KEY PURPOSES OF WARD COMMITTEES

- Create formal unbiased communication channels and co-operative partnerships between the Municipality and the community within a ward.
- Ensure contact between the Municipality and the community through the relevant feedback mechanisms.
- Act as an advisory body on council policies and matters affecting communities in the ward as requested.
- Make recommendations on matters affecting the ward to the ward councillor.
- Serve as a constructive mobilizing agent for positive community action.

COMMUNICATION, PARTICIPATION AND FORUMS

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The municipality uses loud hailing, print media, posters, as well as physical delivery of invitation such as IDP/budget which are on semester interval. These meetings are inclusive of representative from Safety, Business and CBO's.

Table 19: Public Meetings

| Public Meetings | | | | | | |
|---|----------------|---|--|---------------------------------------|--------------------------|---|
| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
| IDP, Budget Consultation meeting at Luckhoff | 8/12/2015 | 2 | 5 | 159 | Yes | Agreed on projects to be implemented. |
| IDP and Budget Consultation at Phambili | 25/01/2016 | 3 | 4 | 67 | Yes | Agreed on projects to be implemented. |
| IDP and Budget Consultation at Koffiefontein (Ward 5) | 27/01/2016 | 4 | 6 | 107 | Yes | Agreed on projects to be implemented. |

COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS HELD

Meetings have succeeded and the community have reported improvement as can be seen on infrastructure requested by communities.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 20: IDP Participation and Alignment Criteria

| IDP Participation and Alignment Criteria* | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align directly to the Section 57 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | No |
| *Section 26 Municipal Systems Act 2000 | |

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COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The municipality endeavours to comply with the regulatory frameworks and best practices regarding corporate governance. This includes the establishment of a risk management function, internal audit unit and independent audit committee and the implementation of fraud and anti-corruption policies and measures.

In addition, Letsemeng Municipality follows a comprehensive system of rules and processes that are designed to sustain and enhance optimal and effective organizational management.

2.6 RISK MANAGEMENT

Risk Management provides a clear and structured approach to identifying risks. Having a clear understanding of all risks allows the municipality to measure and prioritise them and take the appropriate actions to reduce possible losses.

The Municipality implements and maintains effective, efficient and transparent systems of risk management and internal control. The risk management will assist the municipality to achieve its service delivery outcomes and enhance organisational performance. The risks are managed formally and periodically by means of a factual and realistic approach. This promotes the achievement of objectives and further avoid these risks from impacting negatively on the organizational efficiency.

The average risks in developing the Internal Audit Coverage Plan was extracted from the risk assessment report, considering the impact and likelihood of critical issues/risks within each of the identified activities.

2.7 ANTI-CORRUPTION AND FRAUD

The actions that constitute corruption can be classified as follows:

- Any dishonest, fraudulent or corrupt act,
- Theft of funds, supplies and other assets,
- Maladministration or financial misconduct in handling or reporting of money,
- Making profit from insider knowledge,
- Disclosing confidential information to outside parties,

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- Deliberately refusing or omitting to report or act upon reports of irregular or dishonest conduct

The strategies in place to prevent corruption, fraud and theft are the application of policies approved by council such as the supply chain management policy, the cashiers' policy and the segregation of duties to approval of transactions within the municipality.

Key risk areas susceptible to corruption and fraud are the procurement, cash collection and payments as well as unauthorized distribution of information from the institution. Policies such the cashiers' policy was approved by council. The code of conduct in terms of the Municipal Systems Act was communicated to all employees to highlight the importance of proper employee behaviour and conduct.

A previous challenge that is now overcome was the lack of important structures to effectively deal with the occurrence of corruption and fraud within the municipality. A lack of capacity at the Internal Audit and Supply Chain and the ineffective functioning of the Audit Committee were some of the challenges the municipality faced to effectively eliminate the occurrence of fraud and corruption. These challenges have now been resolved and a functional internal audit, supply chain and Audit Committee exists.

2.8 BY-LAWS

Table 21: By-laws introduced

| By-laws Introduced during 2015/16 | | | | | |
|-----------------------------------|---------|--|-------------------------------|----------------------------|---------------------|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| Water Services By - Law | | Yes | May 2016 | No | |
| Electricity Services By Law | | Yes | May 2016 | No | |
| Settlement By-Law | | Yes | May 2016 | No | |
| *Note: See MSA section 13. | | | | | |

COMMENT ON BY-LAWS

An extensive public participation process was followed. Both Councillors as well as officials from the user departments attended the public participation sessions. The process of developing additional by-laws has been commenced with.

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2.9 WEBSITE

A municipal website <http://www.letsemeng.gov.za> is a key communication mechanism in terms of service offering, information sharing and public participation and should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Table 22: Municipal Website: Content and Currency of Material

| Municipal Website: Content and Currency of Material | |
|---|----------|
| Documents published on the Municipality's Website | Yes / No |
| Current annual and adjustments budgets and all budget-related documents | Yes |
| All current budget-related policies | Yes |
| The previous annual report (2014/15) | Yes |
| The annual report (2015/16) to be published | Yes |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2015/16) and resulting scorecards | Yes |
| All service delivery agreements (2015/16) | Yes |
| All long-term borrowing contracts (2015/16) | No |
| All supply chain management contracts above a prescribed value (give value) for 2015/16 | No |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | No |
| Contracts agreed in 2015/16 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | No |
| Public-private partnership agreements referred to in section 120 made in 2015/16 | No |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2015/16 | No |
| T 2.10.1 | |

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipality's website is managed and maintained by the ICT section. ICT has greatly improved in terms of managing and compliance of the municipality's website.

Delays and challenges were experienced with the timely receipt of documents from the user departments.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction surveys were undertaken this year.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The municipality as a Service Authority within its area of jurisdiction has a legislative mandate to provide services in a safe and healthy environment. The Technical Department is responsible for operation and maintenance of infrastructure which include electricity, water services, roads and storm water. The Technical Department also provides support services such as the mechanical workshop.

The Technical Department plays a pivotal role in terms of facilitation and coordination of services provided by Provincial and National Departments. The municipality has adopted a five-year IDP Plan which is a strategic document aiding in the developments within the municipality. Sector plans are also included which gives effect to the strategies and objectives in the IDP. The IDP is further informed by both the National and Provincial development strategies.

The purpose of the report is to provide information in respect of the core responsibilities, objectives, achievements as well as challenges faced by the Technical Department during the 2015/16 financial year.

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services. Previously the municipality accepted that the number of households within the municipal area is 45 661 as provided by Statistics South Africa. The municipality however created a new valuation roll and based on the data received from the door to door survey it was found that the municipality only have 37 294 households. Accordingly the data in the annual report was amended to reflect the correct figures.

INTRODUCTION TO BASIC SERVICES

Technical Services Department is responsible for the following services:

- Provision of new infrastructure in terms of planning and implementation.
- Operating, maintenance and refurbishing/rehabilitation of existing infrastructure.
- Provision of basic services such as water, electricity and roads.

This is done as a basic service delivery aspect in the following areas:

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A. Water and waste water services

- Water purification
- Sewerage treatment
- Storage dams
- Water reservoirs
- Water and sewage reticulation networks

B. Roads, storm water, railways and public works

- Roads design, construction and maintenance
- Storm water drainage system
- Railway sidings and maintenance
- Bridges and culverts
- Landfill site management

C. Electricity

- Electricity Distribution
- Electricity network maintenance and upgrading
- Electricity Consumption Care
- Public lighting

D. Buildings survey

- Approval of building plans, construction and inspections thereof

Objectives and Achievements

Strategic objectives are set out in planning and budgeting tools such as IDP and SDBIP in order to properly plan and achieve targets. Priority areas regarding basic service delivery are as follows:

- Access to water,
- Water loss,
- Water quality,
- Access to sanitation,

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- Access to electricity,
- Energy efficiency,
- Access to municipal surfaced roads

Departmental Challenges

- Institutional and organizational development:
 - Inadequate attraction and retention of skilled competent personnel,
 - Prolonged recruitment processes,
 - Inadequate training and development of staff
- Infrastructure maintenance and development:
 - Outdated technology and aged infrastructure,
 - Lack of infrastructure master plans and maintenance plans,
 - Inadequate infrastructure capacity to meet supply demand,
 - Increasing theft and vandalism of infrastructure,
 - Limited preventative maintenance,
 - Decaying infrastructure,
 - Heavy motor vehicular movement through and around CBD,
 - High distribution losses (water and electricity)
- Machinery, equipment and fleet:
 - Shortage of machinery, equipment and fleet,
 - High average age of municipal fleet,
 - Most fleet out of useful lifespan,
 - Prolonged turnaround time in terms of repairs and continued breakages,
 - Limited maintenance equipment,
 - Delayed processing time of purchase request in terms of maintenance and repairs,
 - Shortage of vehicles and machinery causing low productivity and low morale of staff cascading into serious delays in service delivery.

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- Financial Constraints:
 - Insufficient maintenance budget,
 - Insufficient capital budget appropriated (own funding),
 - Lack of consumables and sundry items,
 - Supplier / municipal relations dented,
 - Long processing period of purchase orders.
- Natural Hazards:
 - rainfall and flooding causes delay in project implementation and flooding of residential areas,
 - drought, leading to inadequate raw water supply and thereby negatively affecting the Municipality's mandate of providing basic water service to its communities.
 - extensive damage to infrastructure (decaying roads surfaces and potholes) and facilities / property.
- Compliance to Regulations:
 - Inadequate monitoring and measuring equipment and processes to facilitate compliance.
- Bulk Supply Services:
 - Inadequate bulk raw water supply in Petrusburg and Koffiefontein.
 - Rapidly deteriorating condition of roads network including main roads.

3.1. WATER PROVISION

Water needs are determined via the consumer base on the ground. Figures used to determine this includes provision for registered indigents according to the municipal policy. Supply and disruptions are monitored and future needs are based on results. Further inputs from the community and political offices are compared with departmentally identified issues and included in the IDP as needed. National government targets are also included in future planning.

For blue drop purposes the water quality is monitored continuously and uploaded on the BDS site and water provision to the community is done in accordance with the Water Services Act 1997.

The top three priorities are:

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1. Sufficient water supply for communities.
2. Connections to individual stands with provision for indigents.
3. Provision of water within legal requirements (Water within Blue drop and SANS 241 standards)

The challenge in water supply remains the balance between the available raw water and demand from the community.

The blue drop status have increased to 48% and it is expected to improve with a bigger percentage the next financial year due to the appointment of process controllers that are in line with regulation 16. The Koffiefontein and Luckhoff water treatment works was recently upgraded and there is major upgrading in progress at the Jacobsdal water treatment plant. This will improve the quality of water from both the works as well and also contribute to an increase in the bluedrop status.

All formal areas of Letsemeng available for occupation are provided with water networks with pre installed connections and consumers moving onto unconnected stands are connected on application.

Letsemeng Local Municipality (LLM) is a Water Service Provider (WSP) and a Water Service Authority (WSA), all this functions are currently operated by the Municipality. Letsemeng Local Municipality has through the Development Bank of South Africa (DBSA) prepared a Water Service Development Plan (WSDP) which focused on the 2015 water and sanitation prospects.

LLM is struggling to meet the water demand from three towns namely Jacobsdal, Luckhoff and Oppermans. This is due to the low capacity of the Water treatment Works (WTW), the demand is higher than the available supply, this is in some cases compromising the quality of water since the plans would be pushed to the maximum capacity or even be exeded resulting in turbidity increasing. LLM has through the Department of Water & Sanitation (DWS) been upgrading all the WTW to bigger capacities to be able to meet the demand, this project will be vissible under the capital project table. Due to the availability of funds, all the projects are multy-phased projects which run in different financial years. The biggest project recorded in LLM is the Construction of 4.15MI Jacobsdal Conventional WTW with a budget of **R35M**.

Unavailability of surface water poses a high risk to the community of Petrusburg because they rely on ground water, most of the boreholes have already started showing reduced capacity while there is no alternatice sources. Improvement of water supply in Ratanang 202 sites is underway with a Construction of a water reticulation and yard connections in the next Financial years.

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COMMENT ON WATER USE BY SECTOR:

As indicated earlier, LLM did not have enough metering points to be able to gather the water balancing statistics, it is only recently when Oppermansgronde has been declared ready for water balancing. The above graph will not be able to show different categories and their usage.

Table 23: Water Service Delivery Levels

| Water Service Delivery Levels | | | | | Households |
|---|-----|--------------|--------------|-----------------|--------------|
| Description | Ref | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | | Actual No. | Actual No. | Actual 0-Jan-00 | Actual No. |
| <u>Water: (above min level)</u> | | | | | |
| Piped water inside dwelling | | 8 134 | 8 134 | 8 134 | 8 134 |
| Piped water inside yard (but not in dwelling) | | 0 | 0 | 0 | 0 |
| Using public tap (within 200m from dwelling) | 2 | 202 | 202 | 693 | 693 |
| Other water supply (within 200m) | 4 | 493 | 493 | 493 | 493 |
| <i>Minimum Service Level and Above sub-total</i> | | 8 829 | 8 829 | 9 320 | 9 320 |
| <i>Minimum Service Level and Above Percentage</i> | | 95% | 95% | 100% | 100% |
| <u>Water: (below min level)</u> | | | | | |
| Using public tap (more than 200m from dwelling) | 3 | 490 | 490 | 0 | 0 |
| Other water supply (more than 200m from dwelling) | 4 | 0 | 0 | 0 | 0 |
| No water supply | | 0 | 0 | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | | 490 | 490 | 0 | 0 |
| <i>Below Minimum Service Level Percentage</i> | | 5% | 5% | 0% | 0% |
| Total number of households* | 5 | 9 319 | 9 319 | 9 320 | 9 320 |

Table 24: Households - Water Service Delivery Levels

| Households - Water Service Delivery Levels below the minimum | | | | | Households |
|--|------------|------------|------------|------------|------------|
| Description | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | Actual No. | Actual No. | Actual No. | Actual No. | Actual No. |
| Formal Settlements | | | | | |
| Total households | 8134 | 8 134 | 8 134 | 8 134 | 8 134 |
| Households below minimum service level | 493 | 493 | 493 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 6% | 6% | 0% | 0% |
| Informal Settlements | | | | | |
| Total households | 493 | 493 | 493 | 493 | 493 |
| Households ts below minimum service level | 493 | 493 | 493 | 0 | 0 |
| Proportion of households ts below minimum service level | 100% | 100% | 100% | 0% | 0% |

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Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority: Water provision

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|---|---|------------------------------|----------|---------------|----------------|---------------------|---|-------------------------|--|
| TL1 | Basic Service Delivery | % of households with access to basic level of water service standard | # of HH with access to basic water divided by total # of HH | Director: Technical Services | 97% | 98% | 100.0% | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count | |
| TL5 | Basic Service Delivery | # of formal households that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network as at 30 June 2015 | # of households which are connected to the water network as at 30 June 2015 | Director: Technical Services | 10 904 | 11 017 | 8 463 | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the | Physical Count | |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|---|--|-----------------------------|---------------------|---------------|----------------|--|--|--|--|
| | | | | | | | | | year must be reviewed | | |
| TL6 | Basic Service Delivery | # of households which are billed for water or have pre paid meters as at 30 June 2015 | # of households which are billed for water or have pre paid meters as at 30 June 2016 | Director Finance | 10 430 | 11017 | 8 463 | Billing as set out in Financial Software | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed. Despite the physical count of HH the municipality still only send account to 8 369 HH. Municipality to determine shortfall. | Billing report | |
| TL60 | Basic Service Delivery | Rate of reduction in backlog (water supply) | Reduction of backlog by calculating increase in services A=No of HH with access to minimum water services at 1 Jul B=No of HH with | Director Technical Services | New KPI for 2015/16 | 1% | 1% | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | There are no backlogs in Letsemeng. All people get basic water which means they all get water within 200m. This is including informal settlements. | 1) Physical count by LLM. 54 stands is either empty stands or no occupants. 2) PDR From the | |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|--|-----------------------------|-----------|---------------|----------------|--|--|--|--|
| | | | access to basic minimum water service at date of measurement $= (B-A)/A$ | | | | | | | water reticulation consultant in Ratanang | |
| TL61 | Basic Service Delivery | To reduce water loss in distribution to 20%. (MFMA Circular 71) | (Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified \times 100) | Director Technical Services | Not known | 20% | 13% | Not Achieved. Data provided is obviously wrong. | Increase labour for the installation of the domestic water meters | Installation sheets Kalkfontein Invoices Oranjeriet invoices LLM Water Purchased invoices | |
| TL62 | Basic Service Delivery | No of HH in formal areas meet the minimum water service standards (Stand pipe 200m & better) | No HH with access to water within 200m | Director Technical Services | 10904 | 11017 | 8 369 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | All residents of LLM have water supply to a minimum of 200m distance including the informal settlements. | 1) Physical count by LLM. 54 stands is either empty stands or no occupants. | |
| TL63 | Basic Service Delivery | Number of HH without access to minimum water standards | No of HH without access to minimum water services | Director Technical Services | 338 | 226 | 0 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | LLM does not have any water backlogs except in private farms and un occupied stands. | 1) Physical count by LLM. 54 stands is either empty stands or no occupants. | |

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Table 25: Employees Water Service

| Employees: Water Services | | | | | |
|---------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 2 | 1 | 1 | 50% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 18 | 30 | 18 | 12 | 40% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 19 | 32 | 19 | 13 | 41% |

Table 26: Financial Performance Water Service

| Financial Performance : Water Services | | | | | |
|--|---------|-----------------|-------------------|---------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 8 173 | 8 413 | 7 824 | 8 107 | -4% |
| Expenditure: | | | | | |
| Employees | | 40 667 | 40 667 | 40 897 | 1% |
| Repairs and Maintenance | 3 711 | 800 | 800 | 1 575 | 49% |
| Other | | 1 643 | | 0 | 0% |
| Total Operational Expenditure | 0 | 800 | 800 | 0 | 0% |
| Net Operational Expenditure | (8 173) | (7 613) | (7 024) | (8 107) | 6% |

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Table 27: Capital Expenditure Water Service

| Capital Expenditure 2015/16: Water Services | | | | | R' 000 |
|--|---------|----------------------|-----------------------|-------------------------------------|------------------------|
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 600 | 600 | 11000 | 0 | |
| Project A | 600 | 600 | 11000 | 0 | |
| | | | | | T 3.1.9 |

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Department of Water & Sanitation has been the main source of upgrading the WTW's, even though progress has been made, it has not yet made an immediate impact to communities due to projects being implemented in phases. Setting wrong priorities led to construction of the 5MI Reservoir instead of upgrading the WTW, this delayed the upgrading of the WTW and pushed it back by a year. Another setback was prioritizing the refurbishments instead of upgrading the plants, this set back some of the project by a year or two while the cost of refurbishment could not be recovered.

All the future projects will be based on upgrading and looking for alternative surface water from other available sources. This will be a long term solution since Petrusburg does not have any alternative except the ground water.

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

LLM is a Water Service Authority (WSA) and a Water Service Provider, this means that LLM has a responsibility to authorise water & sanitation usage and also provide the services, it is the role of the Municipality to provide acceptable form of sanitation. Through programmes like Accelerated Community Infrastructure Programme (ACIP), Municipal Infrastructure Grant (MIG) and Municipal Water Infrastructure Grant (MWIG), LLM has been engaged in a number of projects upgrading and refurbishing the WWTW and the Sewer pump stations.

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There is however prolonged challenges within the municipality that requires long term redress like the bucket toilets and the vandalism & theft of pump and cables in the pump stations. This problem persisted for more than 5 years without a proper redress, the LLM always fixed the stolen and damaged goods out of its own funds. In some cases there would be spillages in to the river for months because of the above said challenge. The Koffiefontein WWTW has not been fully operational due to lack of maintenance and the stolen pumps & motors. A project for refurbishment was registered with ACIP and it was able to get the plant to 90% operational.

One of the major challenges as outlined in the WSDP is the location of the plant. It is indicated that the plant requires 80% of the sewer to be pumped upstream where the current plant is. A new conventional plant should be located at an area lower than the existing and the future planned settlements, which will eliminate all the current pump stations from the system.

Table 28: Sanitation Service Delivery

| Sanitation Service Delivery Levels *Households | | | | |
|---|---------------------------|---------------------------|---------------------------|--------------------------|
| Description | 2012/13 Outcome No. | 2013/14 Outcome No. | 2014/15 Outcome No. | 2015/16 Actual No. |
| <u>Sanitation/sewerage: (above minimum level)</u> | | | | |
| Flush toilet (connected to sewerage) | 8 021 | 8 021 | 8 021 | 8 021 |
| Flush toilet (with septic tank) | 250 | 250 | 250 | 250 |
| Chemical toilet | 0 | 0 | 0 | 0 |
| Pit toilet (ventilated) | 354 | 354 | 354 | 354 |
| Other toilet provisions (above min. service level) | | | | |
| Minimum Service Level and Above sub-total | 8 625 | 8 625 | 8 625 | 8 625 |
| Minimum Service Level and Above Percentage | 90.6% | 90.6% | 90.6% | 90.6% |
| <u>Sanitation/sewerage: (below minimum level)</u> | | | | |
| Bucket toilet | 452 | 452 | 452 | 452 |
| Other toilet provisions (below min. service level) | 443 | 443 | 443 | 443 |
| No toilet provisions | | | | |
| Below Minimum Service Level sub-total | 895 | 895 | 895 | 895 |
| Below Minimum Service Level Percentage | 9.4% | 9.4% | 9.4% | 9.4% |
| Total households | 9 520 | 9 520 | 9 520 | 9 520 |
| *Total number of households including informal settlements | | | | T 3.2.3 |

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Table 29: Sanitation Service Delivery Levels below the minimum

| Households - Sanitation Service Delivery Levels below the minimum | | | | Households |
|---|------------|------------|------------|------------|
| Description | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| Formal Settlements | | | | |
| Total households | 8 625 | 8 625 | 8 625 | 8 625 |
| Households below minimum service level | 202 | 202 | 202 | 202 |
| Proportion of households below minimum service level | 2% | 2% | 2% | 2% |
| Informal Settlements | | | | |
| Total households | 400 | 450 | 480 | 493 |
| Households ts below minimum service level | 400 | 450 | 480 | 493 |
| Proportion of households ts below minimum service level | 100% | 100% | 100% | 100% |
| | | | | T 3.2.4 |

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 2: Waste Water management

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|--|--|------------------------------|----------|---------------|----------------|---------------------|---|-------------------------|
| TL2 | Basic Service Delivery | % of households with access to basic sanitation service standard | # of HH with access to basic sanitation divided by total # of HH | Director: Technical Services | 83% | 85% | 100% | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|---|------------------------------|---------------------|---------------|----------------|---------------------|---|--|--|
| TL9 | Basic Service Delivery | # of formal households connected to the municipal waste water sanitation/sewerage (including VIP) network for sewerage service, irrespective of the # of water closets (toilets) at 30 June 2015 | # of households connected to the sewerage network at 30 June 2015 | Director: Technical Services | 7 565 | 7 716 | 8 463 | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count | |
| TL10 | Basic Service Delivery | # of households which are billed for sewerage at 30 June 2015 | # of households which are billed for sewerage at 30 June 2016 | Director Finance | 7 565 | 7 565 | 9 394 | Target achieved | N/A | N/A | |
| TL64 | Basic Service Delivery | Rate of reduction in backlog (sanitation supply) | Reduction of backlog by calculating increase in services | Director Technical Services | New KPI for 2015/16 | 1% | 0% | Not achieved | Registration for the 203 sewer project at MIG was returned to LLM for review. The Technical Report will be reviewed and resubmitted for registration | Technical report, Correspondence from DWS on the project. Physical count by LLM. | |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|---|-----------------------------|----------|---------------|----------------|--|--|--|--|
| TL65 | Basic Service Delivery | No of HH in formal areas meet the minimum sanitation service standards (VIP) | Sum of HH with access to basic sanitation | Director Technical Services | 9330 | 9555 | 8 021 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | Registration for the 203 sewer project at MIG was returned to LLM for review. The Technical Report will be reviewed and resubmitted for registration | Technical report, Correspondence from DWS on the project. Physical count by LLM. | |
| TL66 | Basic Service Delivery | Number of HH without access to minimum sanitation standards | Sum of HH without access to minimum sanitation services | Director Technical Services | 1912 | 1687 | 203 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | Registration for the 203 sewer project at MIG was returned to LLM for review. The Technical Report will be reviewed and resubmitted for registration | Technical report, Correspondence from DWS on the project. Physical count by LLM. | |

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Table 30: Employees: Sanitation Service

| Employees: Sanitation Services | | | | | |
|--------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 1 | 0 | 0% |
| 4 - 6 | 2 | 1 | 1 | 0 | 0% |
| 7 - 9 | 5 | 5 | 5 | 0 | 0% |
| 10 - 12 | 15 | 29 | 15 | 14 | 48% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 22 | 35 | 21 | 14 | 40% |
| | | | | | T 3.2.7 |

Table 31: Financial Performance 2015/16: Sanitation Service

| Financial Performance : Sanitation Services | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 11 057 | 7780 | 8558 | 8 637 | 0.92% |
| Expenditure: | | | | | |
| Employees | | | | | 0 |
| Repairs and Maintenance | | 670 | 670 | | 0 |
| Other | | | | | 0 |
| Total Operational Expenditure | 0 | 670 | 670 | 0 | 0 |
| Net Operational Expenditure | 0 | -7110 | -7888 | 0 | 0 |
| | | | | | T 3.2.8 |

Table 32: Capital Expenditure 2015/16: Sanitation Service

| Capital Expenditure 2015/16: Sanitation Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 7 114 | 10 361 | - | 0 | |
| Project A | - | 3 586 | 1935 | 046% | |
| Project B | 5 309 | 5 834 | 5 049 | 04.89% | |
| Project C | 1 805 | 941 | 1 023 | 043.32% | |
| | | | | | T 3.2.9 |

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COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

LLM has not being compliant with the required legislative Water Acts in various reasons, continuous spillages into the river, in-compliant final effluent from plants and many other more areas. Ensuring availability of Security at all the WWTW will at least guarantee a continued reliable sanitation to the LLM constituencies and also ensure compliance to the required laws and acts.

Inadequate operation and maintenance budget also impact on the poor service experience, this result in pump stations not having attendants at all times, shortage of process controllers at WWTW. If this aspect can be addressed or prioritized, then the municipality can experience change in attitude by the consumers in terms of revenue collection and other positive outcomes.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

LLM is sharing the supply of electricity with Eskom within the municipality, there is about 50% for LLM and 50% for Eskom, LLM has struggled to secure and retain qualified electrical personnel. LLM does not have any strategic documents like the Electrical Master Plan and any Operations & Maintenance (O&M) manuals and plans. LLM is challenged with a serious problem of retaining qualified electricians or better, after appointment, they only last for about a year or less, then they resign. The current operational personnel are skilled electrical personnel, there are plans to upgrade their skills to enable them to get a Red seal or better. In a nutshell, LLM does not comply with the NERSA due to the shortage of a qualified electrician.

One biggest challenge in the LLM supply area is the aged infrastructure which require maintenance from time to time. A request for funding was sent to the Department of Energy for the upgrading of the main substation, the application was rejected with a reason that it will not benefit any households. Even though LLM is struggling with aged infrastructure, it always makes sure that there is electricity available at all times. There were shutdowns that were experienced during this year, however they were attended to immediately.

Challenges are experienced with meters that are being tampered with or unavailability of meters. The shortage of vehicles is also a challenge in this regard. The frequent theft and vandalism of equipment and cables also impacted negatively on the financial and operational effectiveness of the section due to the fact that materials and equipment stolen must be replaced as soon as possible.

In addition the damage to the network extends much further than only the piece of cable or equipment that was damaged and in some cases requires specialized repairs. In addition vandalism and cable theft further poses a danger to the community as well as the culprits stealing the equipment due to exposed live conductor and consequent dangerous situations created.

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The above mentioned constraints all impacted negatively on service delivery due to additional work load, unproductive standing time, long waiting period for spares and equipment, limited preventative maintenance hence unnecessary and avoidable damage to the infrastructure.

Table 33: Electricity Service Delivery Levels

| Electricity Service Delivery Levels | | | | | Households |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Description | 2011/12 Actual No. | 2012/13 Actual No. | 2013/14 Actual No. | 2014/15 Actual No. | 2015/16 Actual No. |
| Energy: (above minimum level) | | | | | |
| Electricity (at least min.service level) | 8 040 | 8 040 | 8 040 | 8 040 | 8 040 |
| Electricity - prepaid (min.service level) | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | 8 040 | 8 040 | 8 040 | 8 040 | 8 040 |
| <i>Minimum Service Level and Above Percentage</i> | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Energy: (below minimum level) | | | | | |
| Electricity (< min.service level) | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | | | | | |
| Other energy sources | | | | | |
| <i>Below Minimum Service Level sub-total</i> | – | – | – | – | – |
| <i>Below Minimum Service Level Percentage</i> | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total number of households | 8 040 | 8 040 | 8 040 | 8 040 | 8 040 |
| | | | | | T 3.3.3 |

Table 34: Households - Electricity Service Delivery Levels below the minimum

| Households - Electricity Service Delivery Levels below the minimum | | | | |
|--|---------|---------|---------|---------------|
| Description | 2012/13 | 2013/14 | 2014/15 | Households |
| | Actual | Actual | Actual | 2015/16 |
| | No. | No. | No. | Actual No. |
| Formal Settlements | | | | |
| Total households | 8 040 | 8 040 | 8 040 | 8 040 |
| Households below minimum service level | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0% | 0% | 0% |
| Informal Settlements | | | | |
| Total households | 0 | 0 | 0 | 0 |
| Households below minimum service level | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0% | 0% | 0% |
| | | | | T 3.3.4 |

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Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority 4: Electricity and Energy

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|---|--|------------------------------|----------|---------------|----------------|---------------------|---|-------------------------|
| TL3 | Basic Service Delivery | % of households with access to basic electricity service standard | # of HH with access to basic electricity service divided by total # of HH | Director: Technical Services | 92,8% | 93% | 102.1% | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count |
| TL7 | Basic Service Delivery | # of formal households connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) at 30 June 2015 | # of households which are connected to the network (Excluding Eskom areas) at 30 June 2015 | Director: Technical Services | 4460 | 5000 | 4 560 | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|---|-----------------------------|---------------------|---------------|----------------|--|--|-------------------------|--|
| TL8 | Basic Service Delivery | # of households which are billed for electricity or have pre-paid meters (Excluding Eskom areas) at 30 June 2015 | # of households which are billed for electricity or have pre-paid meters (Excluding Eskom areas) at 30 June 2016 | Director Finance | 10 430 | 650 | 646 | Billing as set out in Financial Software | Municipality to determine reasons for shortfall | Billing report | |
| TL14 | Basic Service Delivery | % of Indigent households receiving free basic electricity. | # of HH that are registered as indigent receiving free basic electricity divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25.0% | Target achieved | N/A | N/A | |
| TL68 | Basic Service Delivery | Rate of reduction in backlog (electricity supply) | "Reduction of backlog by calculating increase in services A=No of HH with access to minimum electricity services at 1 Jul B=No of HH with access to basic minimum electricity service at date of measurement =(B-A)/A" | Director Technical Services | New KPI for 2015/16 | 1% | 0% | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | LLM does not have any Electrical backlogs except in private farms and unoccupied stands. | Physical count by LLM | |
| TL69 | Basic Service Delivery | No of HH in municipal supply area meet agreed electricity service standards (connected to the national grid) | Sum of HH with access to electricity (connected to the National Grid) | Director Technical Services | 10432 | 10432 | 8 040 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | LLM does not have any Electrical backlogs except in private farms and unoccupied stands. | Physical count by LLM | |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|---|-----------------------------|-----------|---------------|----------------|--|--|---|--|
| TL70 | Basic Service Delivery | Number of HH without access to minimum electricity standards | Sum of HH without access to minimum electricity services | Director Technical Services | 810 | 202 | 0 | Achieved. Targets set at the beginning of the year must be revised due to physical count done by the municipality. | LLM does not have any Electrical backlogs except in private farms and unoccupied stands. | Physical count by LLM | |
| TL71 | Basic Service Delivery | % Electricity distribution losses.(KWH billed/KWH acquired) (MFMA Circular 71) | (Number of Electricity Units Purchased and / or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or Generated) × 100 | Director Technical Services | Not known | 27% | -23% | Not Achieved. Information collected obviously not correct | <p>Meter audit continues internally and randomly,</p> <p>Install Prepaid electrical meters to all the residential sites</p> <p>Install Prepaid meters to all the Municipal buildings and pump stations, this will assist in accounting for losses.</p> | <p>Physical count by LLM,</p> <p>ESKOM READINGS</p> <p>LLM Statistics</p> | |

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Table 35: Employees: Electricity Services

| Employees: Electricity Services | | | | | |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 0 | 1 | 100% |
| 4 - 6 | 0 | 2 | 0 | 2 | 100% |
| 7 - 9 | 5 | 5 | 5 | 0 | 0% |
| 10 - 12 | 6 | 10 | 6 | 4 | 40% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| Total | 0 | 0 | 0 | 0 | 0% |
| T 3.3.6 | | | | | |

Table 36: Financial Performance: Electricity Services

| Financial Performance 2015/16: : Electricity Services | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 14 375 | 25591 | 17525 | 15 106 | 41% |
| Expenditure: | | | | | 0 |
| Employees | | | | | 0 |
| Repairs and Maintenance | | 638 | 518 | | 0 |
| Other | | | | | 0 |
| Total Operational Expenditure | 0 | 638 | 518 | 0 | 0 |
| Net Operational Expenditure | 0 | -24953 | -17007 | 0 | 0 |
| T 3.3.7 | | | | | |

Table 37: Capital Expenditure: Electricity Services

| Capital Expenditure 2015/16: | | | | | |
|------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 4 349 | 4 349 | - | 0 | |
| Project A | 4 349 | 4 349 | 3 691 | 0.15% | |
| T 3.3.8 | | | | | |

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COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

LLM have prioritized the Upgrading of Koffiefontein Substation, training of skilled personnel and appointment of one electrician. Long term plans will be included in the next IDP for the implementation of this projects. An application for the electrification of new developments and upgrading of the substation has been submitted to DOE for the financial year 17/18.

The projects intended for the next FY are:

- ❖ Electrification of 262 sites in Koffiefontein
- ❖ Electrify the new developments and avoid baglogs
- ❖ Upgrading of the substation & Replace delapidated existing bulk power lines
- ❖ Enhance power supply and increase capacity
- ❖ Replacement of existing meters with smart meters revenue enhancement and reduction of loses

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Waste Management is a core function of local government and a basic service delivered by Letsemeng Municipality. It is also a major generator of revenue for the municipality and therefor the Municipality has to put mechanisms in place to deliver this service on a sustainable basis in the most cost-effective way. Section 11.4 of the Waste Act (59 of 2008) requires local municipalities to Develop Integrated Waste Management Plans. The IWMP of Letsemeng Municipality was adopted in 2015 and serves as an effective institutional framework for the following purpose:

- Pollution and waste minimization;
- Impact management and remediation;
- Holistic and integrated planning with the intention to develop mechanisms to ensure that integrated pollution and waste management considerations are integrated into the development of government policies, strategies and programmes; and

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- Alignment of waste management with all spatial and economic development planning processes within the municipal space.

The Waste Management Plan will focus on a system that will ensure the least possible volumes of waste land up at engineered landfills. In order to achieve this the emphasis would be on the following:

- Waste education;
- Effective law enforcement; and
- Material recovery and treatment plants.

The key elements of the Integrated Waste Management Plan are:

- Waste Avoidance;
- Waste Reduction;
- Re- use and Re-cycle;
- Treatment of waste; and
- Disposal at landfill.

Solid Waste Management comprises of collection, transportation, disposal and treatment of garbage and other waste products. For the purpose of achieving the standards of the National Environmental Management: Waste Act, 2008 (Act 59 of 2008), refuse removal is done according to a fixed weekly schedule. Every household and business is served at least once a week.

The three (3) top delivery priorities are:

- Refuse collection
- Refuse transportation to landfill sites, and
- The maintenance of the landfill sites.

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Table 38: Solid Waste Service Delivery Levels

| Solid Waste Service Delivery Levels | | | | Households |
|--|--------------|--------------|--------------|----------------|
| Description | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Solid Waste Removal: (Minimum level)</u> | | | | |
| Removed at least once a week | 9 319 | 9 319 | 9 319 | 9 319 |
| <i>Minimum Service Level and Above sub-total</i> | 9 319 | 9 319 | 9 319 | 9 319 |
| <i>Minimum Service Level and Above percentage</i> | 100.0% | 100.0% | 100.0% | 100.0% |
| <u>Solid Waste Removal: (Below minimum level)</u> | | | | |
| Removed less frequently than once a week | 0 | 0 | 0 | 0 |
| Using communal refuse dump | 0 | 0 | 0 | 0 |
| Using own refuse dump | 0 | 0 | 0 | 0 |
| Other rubbish disposal | 0 | 0 | 0 | 0 |
| No rubbish disposal | 0 | 0 | 0 | 0 |
| <i>Below Minimum Service Level sub-total</i> | 0 | 0 | 0 | 0 |
| <i>Below Minimum Service Level percentage</i> | 0.0% | 0.0% | 0.0% | 0.0% |
| Total number of households | 9 319 | 9 319 | 9 319 | 9 319 |
| | | | | <i>T 3.4.2</i> |

Table 39: Households - Solid Waste Service Delivery Levels

| Households - Solid Waste Service Delivery Levels below the minimum | | | | Households |
|--|------------|------------|------------|----------------|
| Description | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| Formal Settlements | | | | |
| Total households | 9319 | 9319 | 9319 | 9319 |
| Households below minimum service level | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0% | 0% | 0% |
| Informal Settlements | | | | |
| Total households | 0 | 0 | 0 | 0 |
| Households below minimum service level | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0% | 0% | 0% |
| | | | | <i>T 3.4.3</i> |

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Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority: Solid Waste Management

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|---|--|-----------------------------|----------|---------------|----------------|---------------------|---|-------------------------|
| TL4 | Basic Service Delivery | % of households with access to basic refuse service standard | # of HH with access to basic refuse service divided by total # of HH | Director Community Services | 100% | 70% | 100% | Target Achieved | A physical count of HH in the municipal area was conducted in the third quarter. No of HH in municipal supply area are 8463 and not 11 000 as initially stated. Target set in the SDBIP at the beginning of the year must be reviewed | Physical Count |
| TL11 | Basic Service Delivery | # of households which are billed for refuse removal at 30 June 2015 | # of households which are billed for refuse removal at 30 June 2016 | Director Finance | 7 565 | 7 565 | 9 267 | Target achieved | N/A | N/A |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|---|--|-----------------------------|----------|--|----------------|--|---|-------------------------|--|
| TL15 | Basic Service Delivery | % of Indigent households receiving free basic Refuse | # of HH that are registered as indigent receiving free basic refuse divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25% | Target achieved | N/A | N/A | |
| TL74 | Basic Service Delivery | IWMP developed and submitted to Council for approval on or before 30 Jun 2016. | Date IWMP approved | Director Community Services | New KPI | IWMP approved on or before 30 Jun 2016 | 0 | Target not achieved. Draft plan not submitted to council for approval. | Submit to next council for approval. | Council resolution | |
| TL75 | Basic Service Delivery | No of HH in formal areas meet minimum refuse removal standards (at least once a week) | Sum of HH with access to refuse | Director Community Services | 100% | 7869.00 | 7756 | Target almost achieved | Due to a regular breakdowns of equipment target not achieved. Need to invest in new vehicles. | Weekly Programme | |
| TL76 | Basic Service Delivery | Number of HH without access to minimum refuse standards | Sum of HH without access to minimum refuse services | Director Community Services | 3677 | 3 677 | 3 677 | Target Achieved | NA | Monthly reports | |

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Table 40: Employee: Waste Management Services

| Employees: Waste Management Services | | | | | |
|--------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 1 | 0 | 1 | 100% |
| 10 - 12 | 3 | 4 | 3 | 1 | 25% |
| 13 - 15 | 5 | 5 | 5 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 8 | 10 | 8 | 2 | 20% |
| | | | | | T 3.4.5 |

Table 41: Employee: Waste Disposal and other services

| Employees: Waste Management Services | | | | | |
|--------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 18 | 37 | 18 | 19 | 51% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 18 | 37 | 18 | 19 | 51% |
| | | | | | T 3.4.5 |

Table 42: Financial Performance 2015/16: Waste Management Services

| Financial Performance 2015/16: Waste Management Services | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 6162 | 7540 | 7540 | 8 496 | 0.13% |
| Expenditure: | | | | | |
| Employees | | | | | 0 |
| Repairs and Maintenance | | | | | 0 |
| Other | | | | | 0 |
| Total Operational Expenditure | | 12 45 | 12 45 | - | 0 |
| Net Operational Expenditure | | 62 95 | 62 95 | - | 0 |
| | | | | | T 3.4.7 |

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Table 43: Capital Expenditure: Waste Management Services

| Capital Expenditure 2015/16: Waste Management Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0 | 0 |
| No projects for the financial year | | | | | |

COMMENT ON THE OVERALL PERFORMANCE OF WASTE MANAGEMENT SERVICES

The municipality is having a shortage of waste management personnel and equipment

3.5 HOUSING

INTRODUCTION TO HOUSING

The biggest challenge is that the demand for housing grows annually out of proportion in correlation with the funding resources that are available. With budgetary constraints it is difficult to install bulk services and infrastructure for housing development and the construction of top structures.

Some of the other fundamental challenges that influence housing delivery in Letsemeng Municipality include:

- Inadequate funding allocations for human settlement development;
- Limited availability of suitable land;
- Inadequate capacity of existing bulk infrastructure;
- Lengthy environmental and other statutory approval processes; and
- Alignment of identified pipeline projects

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Table 44: Capital Expenditure: Waste Management Services

| Capital Expenditure 2015/16: Waste Management Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0 | 0 |
| No projects for the financial year | | | | | |

Table 45: Households - Access to basic housing

| Percentage of households with access to basic housing | | | |
|---|---|----------------------------------|---|
| Year end | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| 2015/16 | 8917 | 8369 | 100% |
| T 3.5.2 | | | |

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority : Housing

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|--|------------------------|-----------------------------|-----------------|---------------|----------------|------------------------------------|---------------------|-------------------------|
| TL80 | Basic Service Delivery | Develop an Integrated Human Settlement Plan (Housing Strategy) and submit draft to Council by end June | Date strategy approved | Director Community Services | New KPI 2015/16 | 30 Jun 16 | 1 | Target achieved in the 3rd Quarter | N/A | N/A |

Chapter 3

Table 46: Employees: Housing

| Employees: Housing | | | | | |
|--------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 0 | 1 | 100% |
| 4 - 6 | 1 | 3 | 1 | 2 | 67% |
| 7 - 9 | 0 | 4 | 0 | 4 | 100% |
| 10 - 12 | 1 | 2 | 1 | 1 | 50% |
| 13 - 15 | 0 | 1 | 0 | 1 | 100% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 11 | 2 | 9 | 82% |
| | | | | | T 3.5.4 |

Table 47: Financial Performance: Housing

| Financial Performance 2015/16: Housing | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | 0% |
| Expenditure: | | | | | |
| Employees | 0 | 0 | 0 | 0 | 0% |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0% |
| Other | 0 | 0 | 0 | 0 | 0% |
| Total Operational Expenditure | 0 | 0 | 0 | 0 | 0% |
| Net Operational Expenditure | 0 | 0 | 0 | 0 | 0% |
| | | | | | T 3.5.5 |

Table 48: Capital Expenditure: Housing

| Capital Expenditure 2015/16: Housing | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| No capital projects for the financial year. | | | | | |

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution. The policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt. Adequate provision has to be made in the budget for provision of bad debts based on assumptions on collection rates. The municipality has an indigent register with 2612 approved indigent households at the end of 2015/2016 financial year. The municipality provides indigent households with free 6kl of water per month, free sanitation and refuse removal per month, 50 units of electricity per indigent household per month and exemption on Property Rates for properties valued at R40 000.

Table 49: Free Basic Services

| Free Basic Services To Low Income Households | | | | | | | | | | |
|--|----------------------|---|-------|-----------------------|-------|------------------------|-------|-------------------|-------|-----|
| | Number of households | | | | | | | | | |
| | Total | Households earning less than R1,100 per month | | | | | | | | |
| | | Free Basic Water | | Free Basic Sanitation | | Free Basic Electricity | | Free Basic Refuse | | |
| | | Total | % | Access | % | Access | % | Access | % | |
| 2013/14 | 11 242 | 6 053 | 2 500 | 41% | 2 500 | 41% | 2 500 | 41% | 2 500 | 41% |
| 2014/15 | 11 242 | 6 053 | 2 503 | 41% | 2 503 | 41% | 2 503 | 41% | 2 503 | 41% |
| 2015/16 | 11 242 | 6 053 | 2 550 | 42% | 2 550 | 42% | 2 550 | 42% | 2 550 | 42% |
| T 3.6.3 | | | | | | | | | | |

Table 50: Financial Performance: Free Basic Services

| Financial Performance 2015/16: Cost to Municipality of Free Basic Services Delivered | | | | | |
|--|---------|---------|-------------------|--------|--------------------|
| Services Delivered | 2014/15 | 2015/16 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| Water | | 462 | 462 | 462 | 0 |
| Waste Water (Sanitation) | | 211 | 211 | 211 | 0 |
| Electricity | | 77 | 77 | 77 | 0 |
| Waste Management (Solid Waste) | | 204 | 204 | 204 | 0 |
| Total | | 954 | 954 | 954 | 0 |
| T 3.6.4 | | | | | |

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality allocates free basic water to all households including indigents households only in terms of the national norms.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority: Free Basic Services

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|--|---|------------------|----------|---------------|----------------|---------------------|---------------------|-------------------------|--|
| TL12 | Basic Service Delivery | % of indigent households receiving free basic water | # of HH that are registered as indigent receiving free basic water divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25% | Target achieved | N/A | N/A | |
| TL13 | Basic Service Delivery | % of indigent households receiving free basic sanitation | # of HH that are registered as indigent receiving free basic sanitation divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25% | Target achieved | N/A | N/A | |
| TL14 | Basic Service Delivery | % of Indigent households receiving free basic electricity. | # of HH that are registered as indigent receiving free basic electricity divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25% | Target achieved | N/A | N/A | |
| TL15 | Basic Service Delivery | % of Indigent households receiving free basic Refuse | # of HH that are registered as indigent receiving free basic refuse divided by the total # of HH | Director Finance | 100.0% | 25.0% | 25% | Target achieved | N/A | N/A | |

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The objective of Indigent Support is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council;
- To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines;
- That Council recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:
- To set rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and
- To determine appropriate service levels.

Chapter 3

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROADS

Letsemeng Local Municipality has about 189km of Streets in 5 Towns. The table below shows the length of the existing roads per Town. Out of the 58km paved roads, 70% of them are in a poor condition if not very poor. This is as a result of poor or no maintenance at all. The condition is deteriorating in a fast pace since the existing potholes and cracks are not being attended as soon as they surfaces.

| TOWN | PAVED ROADS (KM'S) | GRAVEL ROADS (KM'S) |
|---------------|--------------------|---------------------|
| Jacobsdal | 13 | 22.6 |
| Luckhoff | 3.6 | 20.6 |
| Petrusburg | 15.5 | 47,249 |
| Oppermans | 2.5 | 16.2 |
| Koffiefontein | 23.7 | 24.1 |
| TOTALS | 58.3 | 130.7 |

3.7 ROADS

Table 51: Gravel Road Infrastructure

| Gravel Road Infrastructure | | | | |
|----------------------------|--------------------|------------------------------|------------------------------|--|
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Kilometres Gravel roads graded/maintained |
| 2013/14 | 130 | 0 | 1 | 0 |
| 2014/15 | 130 | 0 | 1 | 0 |
| 2015/16 | 130 | 0 | 1 | 10 |
| T 3.7.2 | | | | |

Chapter 3

Table 52: Tarred Road Infrastructure

| Tarred Road Infrastructure | | | | | Kilometres |
|----------------------------|--------------------|---------------|------------------------------|-------------------------------|----------------------|
| | Total tarred roads | New tar roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
| 2013/14 | 52.6 | 0.9 | 0 | 0 | 25 |
| 2014/15 | 54 | 0.85 | 0 | 0 | 15 |
| 2015/16 | 54 | 0.65 | 0 | 0 | 3 |
| | | | | | <i>T 3.7.3</i> |

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority: Roads and storm water

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|--|--|-----------------------------|---------------------|---------------|----------------|---------------------|---|---|
| TL67 | Basic Service Delivery | % of the roads and storm water maintenance budget spent by the end of June | Actual expenditure on maintenance divided by the total approved maintenance budget | Director Technical Services | New KPI for 2015/16 | 98% | 8% | Not Achieved | SCM failed to advertise timeously despite numerous submissions of requisition. Project advertised and is closing on the 18/04/16. Work will only commence in 2016/17 FY | copies of submitted requisitions. Budget and expenditure to date |

Chapter 3

Table 53: Employees: Road Services

| Employees: Road Services | | | | | |
|--------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 1 | 0 | 1 | 100% |
| 13 - 15 | 0 | 5 | 0 | 5 | 100% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 0 | 6 | 0 | 6 | 100% |
| | | | | | T3.7.7 |

Table 54: Financial Performance: Road Services

| Financial Performance 2015/16: Road Services | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 5 589 | 150 | 1 398 | 0 | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | 1 785 | 1 317 | | |
| Other | | | | | |
| Total Operational Expenditure | 0 | 2 253 | 2 253 | | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.7.8 |

Chapter 3

Table 55: Capital Expenditure: Road Services

| Capital Expenditure 2015/16: Road Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1 513 | 1 513 | 1 140 | 25% | |
| Project A | 1 513 | 1 513 | 1 140 | 25% | |
| | | | | | T 3.7.9 |

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

A rehabilitation of the roads in Koffiefontein is planned for the next financial year with a value of **R12m**. this project will rehabilitate 2.2km of the existing tarred roads which were in a very poor condition. Koffiefontein has been prioritised for this first phase of rehabilitation, this is due to the amount of roads that were collapsing due to poor or non-maintenance. This project will be replacing the tarred roads with a block paving that is durable and has a low maintenance.

LLM does not have any dedicated roads maintenance teams in place, a new organogram clearly indicates that there must be a maintenance team, no additional employees were appointed to address this matter. LLM has few road maintenance equipment available, this will assist the new team to **Start and Go**, the only obstacle will be their Vehicle, PPE and minor tools.

3.8 TRANSPORT

The municipality does not perform this function.

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The storm water of LLM is also one of the infrastructure that is neglected. This is due to the unavailability of staff, the above team mentioned in Roads section will also be tasked with maintaining the storm water drainage and unblocking them. Currently most of the storm water V-drains and canals are filled with debris if not blocked, this is a challenge during heavy rains because people housed get flooded where as they are not supposed to.

Chapter 3

LLM is faced with a paramount challenge of controlling storm water in the entire municipality, areas like Petrusburg, Jacobsdal and Koffiefontein get flooded by occasional floods which affects the streets in Bolokanang. There is also historical records of floods in these areas, and the matter has been neglected for years. A Storm Water Wasterplan, O&M manuals and plans are the highest priority in this case. As LLM is likely a flat area, a full study must be made to control this storm water, all the aforesaid flags require budget which can be able to address them one at a time for a period of 5 years.

Table 56: Storm water Infrastructure

| Storm water Infrastructure | | | | |
|----------------------------|----------------------------|--------------------------|-------------------------------|---------------------------------|
| | Total Storm water measures | New storm water measures | Storm water measures upgraded | Storm water measures maintained |
| 2013/14 | 10 | 1 | 0 | 10 |
| 2014/15 | 11 | 1 | 0 | 10 |
| 2015/16 | 12 | 1 | 0 | 5 |
| | | | | T 3.9.2 |

Table 57: Employees: Storm water Services

| Employees: Road Services | | | | | |
|--------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 7 | 7 | 7 | 0 | 0% |
| 13 - 15 | 3 | 6 | 3 | 3 | 50% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 10 | 13 | 10 | 3 | 23% |
| | | | | | T3.7.7 |

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Table 58: Financial Performance: Storm water Services

| Financial Performance 2015/16: Storm water Services | | | | | |
|---|-------------------------------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | Included in roads table above | | | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | | | | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.9.7 |

COMMENT ON PERFORMANCE OF STORMWATER DRAINAGE OVERALL

LLM currently does not have any sector plans for Storm water, it is however part of the procumbent plan to appoint service providers to develop a Master plan for the entire municipality. The priorities of Storm water projects are as the list below:

- ❖ Petrusburg Bolokanang – the entire Bolokanang require an urgent attention with regards to storm water flooding from the N8 National Road to the Bolokanang area, the road is collecting water from downstream (Bloemfontein), acting as a barrier, it channels water to the Bolokanang houses and streets.
- ❖ Jacobsdal – Occasional floods has been recorded, this Storm water does not have any channelling, internal streets get flooded as and when it rains heavy.
- ❖ Koffiefontein – no proper Storm water channels, the elevation of Koffiefontein is close to a flat surface, some of the houses in Khayelitsha get flooded as and when it heavily rains.

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes planning and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

Table 59: Applications for Land Use Development

| Applications for Land Use Development | | | | | | |
|---------------------------------------|----------------------------|---------|----------|---------|-------------------|----------|
| Detail | Formalisation of Townships | | Rezoning | | Built Environment | |
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 |
| Planning application received | 0 | 0 | 0 | 0 | 0 | 0 |
| Determination made in year of receipt | 0 | 0 | 0 | 0 | 0 | 0 |
| Determination made in following year | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications withdrawn | 0 | 0 | 0 | 0 | 0 | 0 |
| Applications outstanding at year end | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | T 3.10.2 |

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery and Infrastructure Investment

IDP Priority : Housing

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|--|------------------------|-----------------------------|-----------------|---------------|----------------|------------------------------------|---------------------|-------------------------|
| TL80 | Basic Service Delivery | Develop an Integrated Human Settlement Plan (Housing Strategy) and submit draft to Council by end June | Date strategy approved | Director Community Services | New KPI 2015/16 | 30 Jun 16 | 0 | Target achieved in the 3rd Quarter | N/A | N/A |

Chapter 3

Table 60: Employees: Urban Planning & Property Management

| Employees: Urban Planning & Property Management | | | | | |
|---|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 1 | 1 | 1 | 0 | 100% |
| 13 - 15 | 2 | 5 | 2 | 3 | 40% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 3 | 6 | 3 | 3 | 50% |
| | | | | | T 3.10.4 |

Table 61: Financial Performance: Urban Planning & Property Management

| Financial Performance 2015/16: Urban Planning & Property Management | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | 1000 | 1000 | 0 | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | 2315 | 2315 | | |
| Net Operational Expenditure | | -1315 | -1315 | | |
| | | | | | T 3.10.5 |

Table 62: Capital Expenditure 2014/15: Urban Planning & Property Management

| Capital Expenditure 2014/15: Urban Planning | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| No projects for the financial year | | | | | |
| | | | | | |
| | | | | | |

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

The growth of our local economy remains key to unlocking the employment opportunities for our people, thereby fighting head-on the socio-economic challenges facing our communities. The municipality is duty bound to create an environment that promotes the development of the local economy and create jobs.

In this regard, we should continue to strive to maximise our natural resources with the aim of attracting investors that will unlock employment opportunities for our community and thereby helping to tackle the socio economic challenges faced by our communities.

We remain positive and hopeful that due to our stable political environment and our rich natural resources we will attract positive investment which will benefit our community in the long term.

The development of local SMME's also remains our responsibility to ensure that they are developed and assisted to grow into self-sustainable businesses that will continue to invest and contribute to the local economic growth.

Expanded Public Works Programme and Community Works Programme have contributed positively in keeping our towns clean and also created jobs.

COMMENT ON LOCAL JOB OPPORTUNITIES:

Creation of long term sustainable jobs remains a key challenge, majority of jobs created are short term and only in the main alleviate key challenges such as unemployment for a short period. There is a much broader need to identify and source funding for bigger projects with the aim of creating long term sustainable employment opportunities for our people.

The majority of our youth are unemployed due to shortage of skills in order to qualify for some of the identified opportunities that end up being sourced elsewhere. To curb this, the municipality has partnered with the key local stakeholders such as Motheo and Petra Mine to ensure that some of the youth are given opportunities to be skilled in order to access better employment opportunities as they become available.

Chapter 3

Table 63: Jobs Created during 2015/16 by LED Initiatives

| Jobs Created during 2015/16 by LED Initiatives (Excluding EPWP projects) | | | | |
|--|---------------------|---|--|--|
| Total Jobs created / Top 3 initiatives | Jobs created No. | Jobs lost/displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created/lost |
| Total (all initiatives) | 11 | | 11 | |
| Top initiatives | | | | |
| Contractor Development through subcontracting | 11 | - | 11 | Through records submitted by the company |

Table 64: Jobs Created through EPWP projects

| Job creation through EPWP* projects | | |
|-------------------------------------|----------------------|---|
| Details | EPWP Projects No. | Jobs created through EPWP projects No. |
| 2014/15 | 1 | 73 |
| 2015/16 | 2 | 81 |

* - Extended Public Works Programme

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: LED

IDP Priority: LED

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|----------------------------|--|---------------------------------------|-------------------|----------|---------------|----------------|--------------------------------------|---------------------|---------------------------------|
| TL16 | Local Economic Development | # of jobs created through the municipality's LED, EPWP and other initiatives (Reg 796) | Sum of jobs created per year | Municipal Manager | 76 | 76 | 81 | Target achieved better than target | N/A | Contracts of employment |
| TL36 | Local Economic Development | Review the LED Strategy of the municipality on or before 31 Dec 2015 | Date LED strategy approved by Council | Municipal Manager | N/A | 31 Dec 2015 | 1 | LED Strategy approved on 29 May 2016 | N/A | Council Minutes and/ resolution |

Chapter 3

Table 65: Employees: LED Services

| Employees: Local Economic Development Services | | | | | |
|--|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 1 | 1 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 1 | 1 | 1 | 0 | 0% |
| | | | | | T 3.11.8 |

Table 66: Financial Performance 2015/16: LED Services

| Financial Performance 2015/16: Local Economic Development Services | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | 1000 | 1000 | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | 2315 | 2315 | | |
| Net Operational Expenditure | | -1315 | -1315 | | |
| | | | | | T 3.11.9 |

Table 67: Capital Expenditure 2015/16: LED Services

| Capital Expenditure 2015/16: Economic Development Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| No capital projects | | | | | |
| | | | | | T 3.11.10 |

Chapter 3

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Growth of the local economy remains key to unlocking the employment opportunities, thereby fighting head on the socio-economic challenges facing our communities. The municipality is duty bound to create an environment that promotes the development of the local economy and create jobs.

The long term self-sustainability of the SMME's remains a challenge as some continue to rely heavily on municipal procurement needs. To curb this, the municipality will and continues to conduct capacity building workshops to empower the SMME's to reduce the skills gap they might have in order for them to run successful and self-sustainable businesses. During the course of the year with the help of other sector departments, the municipality has intensified efforts and conducted capacity building workshops at all the towns, and as a result there has been an increase in the number of procurement opportunities to our local SMME's. The municipality has so far spent over R 1,5 million on procurement from local SMME's.

The municipality is in the process of finalising the key policies which will assist with the direction the municipality should take in tackling the economic development challenges. These policies are;

- Comprehensive LED Strategy
- Emerging Contractor Development Strategy
- Commonage Management Policy
- Radical Economic Transformation Plan

These policies are expected to be finalised during the coming financial year.

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The libraries function has been transferred to the Provincial Government.

3.12 LIBRARIES, ARTS AND CULTURE

INTRODUCTION TO CIVIC THEATRE, ARTS AND CULTURE

The municipality does not perform this function.

3.13 PARKS AND CEMETERIES

INTRODUCTION TO PARKS AND CEMETERIES

OVERVIEW

It is the responsibility of the Community services division to provide a healthy and aesthetical environment to the public, to upgrade the current developed parks and to develop new parks for informal recreation. It is of aesthetical importance to maintain cemeteries and to provide graves for funerals.

CORE AREAS OF RESPONSIBILITY

- Public Parks and open spaces
- Cemeteries
- Biodiversity with regard to planting of trees and controlling of invasive plants

LOCAL JOB OPPORTUNITIES

The municipality is making use of EPWP and CWP employees for the cleaning of the cemeteries.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Service Delivery

KPA: Basic Service Delivery

IDP Priority: Parks and Cemeteries

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|------------------------|---------------------------------------|-----------------------------|-----------------------------|----------|---------------|----------------|---------------------|---------------------|-------------------------|--|
| TL77 | Basic Service Delivery | No of parks and cemeteries maintained | No of cemeteries maintained | Director Community Services | 5 | 5 | 9 | Target Achieved | NA | photos attached | |

Chapter 3

Table 68: Employees: Parks and Cemeteries

| Employees: Parks and Cemeteries | | | | | |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 1 | 1 | 1 | 0 | 0% |
| 13 - 15 | 1 | 5 | 1 | 4 | 80% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 6 | 2 | 4 | 67% |
| | | | | | T 3.13.4 |

Table 69: Financial Performance: Parks and Cemeteries

| Financial Performance 2015/16: Parks and Cemeteries | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | | | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | 89 | 89 | | |
| Other | | | | | |
| Total Operational Expenditure | | | | | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.13.5 |

Table 70: Capital Expenditure: Parks and Cemeteries

| Capital Expenditure 2015/16: Parks and Cemeteries | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| | | | 411 | | |
| | | | | | T 3.13.6 |

Chapter 3

3.14 SPECIAL PROGRAMMES

INTRODUCTION TO SPECIAL PROGRAMMES

Special programmes are located in the Office of the Mayor and include the youth, women, disabled, aged, children and HIV/AIDS. The majority of the programmes and projects are implemented in partnership with other government departments, NGOs, CBO's and other external stakeholders.

COMMENT ON THE PERFORMANCE OF SPECIAL PROGRAMMES OVERALL

The majority of the programmes and projects are implemented in partnership with other government departments, NGOs, CBO's and other external stakeholders.

Chapter 3

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Top priority of the municipality is to formulate policies and procedures aimed at conserving the natural resources, preserving the current state of natural environment and where possible, reversing its degradation.

SERVICE STATISTICS FOR ENVIRONMENTAL PROTECTION

Environmental master plan to be submitted to council before the implementation takes place.

3.15 POLLUTION CONTROL

The Municipality does not perform the above functions

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

This function is part of parks and cemeteries in the municipality.

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17 CLINICS

The Municipality does not perform the above functions

3.18 AMBULANCE SERVICES

The Municipality does not perform the above functions.

Chapter 3

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

3.19 SECURITY SERVICES

The municipality does not provide this service.

3.20 TRAFFIC SERVICES

The municipality does not provide this service.

3.21 FIRE

The municipality does not provide this service.

3.22 OTHER (DISASTER MANAGEMENT & OTHER)

INTRODUCTION TO DISASTER MANAGEMENT

As per Section 53 (1) of the Disaster Management Act, 57 of 2005 each municipality must:

- prepare a disaster management plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, 2000 (Act No. 32 of 2000), consult the local community on the preparation or amendment of its plan.

Letsemeng Municipality has mostly partnered with the Xhariep District Municipality to develop a disaster management plan for its area of jurisdiction since. The exercise of the disaster management function marginal due to staff shortages and lack of equipment.

Chapter 3

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Municipality's core function is to maintain all sport and recreation facilities within its jurisdiction. The municipality also supports sports programmes such as the O.R Tambo regional games by assisting with transport through the office of Mayor.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Municipal Development

KPA: Basic Service Delivery

IDP Priority: Sport and Recreation and Community Facilities

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|------------------------|---|-----------------------------|-----------------------------|----------|---------------|----------------|---------------------|---------------------------------------|-------------------------|
| TL78 | Basic Service Delivery | No of sport and recreation facilities maintained | No of facilities maintained | Director Community Services | 2 | 2 | 6 | Target Achieved | N/A | photos attached |
| TL79 | Basic Service Delivery | Number of Sport and Recreation Programs supported in the financial year | # of programs supported | Director Community Services | 2 | 2 | 6 | Target not achieved | Financial Constraints curbed spending | Budget |

Chapter 3

Table 71: Employees: Sport and Recreation

| Employees: Sport and Recreation | | | | | |
|---------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | |
| 4 - 6 | 0 | 0 | 0 | 0 | |
| 7 - 9 | 0 | 0 | 0 | 0 | |
| 10 - 12 | 0 | 0 | 0 | 0 | |
| 13 - 15 | 0 | 0 | 0 | 0 | |
| 16 - 18 | 0 | 0 | 0 | 0 | |
| 19 - 20 | 0 | 0 | 0 | 0 | |
| Total | 0 | 0 | 0 | 0 | |
| | | | | | T 3.23.3 |

Table 72: Financial Performance: Sport and Recreation

| Financial Performance 2015/16: Sport and Recreation R'000 | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | | | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | 106 | 53 | | 0 |
| Other | | | | | 0 |
| Total Operational Expenditure | | | | | 0 |
| Net Operational Expenditure | | | | | 0 |

Table 73: Capital Expenditure: Sport and Recreation

| Capital Expenditure 2015/16: Sport and Recreation R' 000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| Project A | 2515 | 2515 | 411 | 16% | |
| | | | | | T 3.23.5 |

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager). LLM is a plenary municipality and this has already being reported in Chapter 2

Chapter 3

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Community Participation

IDP Priority 28: Corporate and Democratic Governance

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|--|-----------------------------|---------------------|---------------|----------------|---------------------|---|-------------------------|--|
| TL21 | Good Governance and Public Participation | # of community report back meetings convened by Councillors for improved communication on service delivery including IDPs, SDBIP, etc. | # of community report back meetings held | Director Corporate Services | 2 | 2 | 2 | Target achieved | N/A | N/A | |
| TL22 | Good Governance and Public Participation | # of meetings per ward per annum | # of meetings held from 1 Jul to 30 Jun (1 meeting per quarter per ward) | Director Corporate Services | 19 | 24 | 10 | Target not achieved | Draft Meetings Schedule and assist Office of the Mayor to arrange meetings | N/A | |
| TL25 | Municipal Transformation and Institutional Development | # of Ward level improvement plans that include basic ward level issues (potholes, non-functioning traffic lights, service interruptions, billing queries, etc.) to be addressed | # of plans submitted before 30 March 2016 for inclusion in IDP | Municipal Manager | New KPI for 2015/16 | 6 | 0 | Not achieved. | Ward Committees not workshopped on the development of ward based plans and will be implemented in the new financial year. | N/A | |

Chapter 3

INTRODUCTION TO THE OFFICE OF THE MUNICIPAL MANAGER

The Municipal Manager is the Accounting Officer of the Municipality. As Accounting Officer he/she may delegate certain duties to the Chief Financial Officer, who will be accountable to him. The Municipal Manager is therefore accountable for all transactions entered into by his designates.

The Office of the Municipal Manager consists of the following administrative units:

- Internal Audit and Risk Management
- Integrated Development Planning and PMS
- Intergovernmental Relations and Customer Care
- Communications
- ICT
- LED

The Municipality as a Service Authority within its area of jurisdiction has a legislative mandate to provide services in a safe and healthy environment. The top three service delivery priorities are as follows:

- Provision of new infrastructure in terms of planning and implementation.
- Operating, maintenance and refurbishment/rehabilitation of existing infrastructure.
- Provision of basic services such as water, electricity and roads

SERVICE STATISTICS FOR THE OFFICE OF THE MUNICIPAL MANAGER

Table 74: Service Statistics: Office of the Municipal Manager

| Service Activity | Service Results |
|--|-----------------|
| Number of senior management meetings held: | 6 |
| Number of management meetings held: | 4 |
| Number of quarterly stakeholder meetings convened: | 2 |

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Governance

KPA: Good Governance and Community Participation

IDP Priority: Corporate and Democratic Governance

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|--|--|---|-------------------|---------------------|---------------|----------------|--|---|---------------------------------|
| TL16 | Local Economic Development | # of jobs created through the municipality's LED, EPWP and other initiatives (Reg 796) | Sum of jobs created per year | Municipal Manager | 76 | 76 | 81 | Target achieved better than target | N/A | Contracts of employment |
| TL23 | Good Governance and Public Participation | % of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (MFMA Circular 71) | Actual Capital Expenditure / Budget Capital Expenditure x 100 | Municipal Manager | New KPI for 2015/16 | 98.00% | 69.0% | Target not achieved. The municipality is experiencing cash flow problems due to non-payment of services. The municipality is experiencing high volumes of unemployment in the community. | The municipality have stepped up the debt collection by cutting of services to defaulters | Budget report and cut-off lists |
| TL24 | Basic Service Delivery | % of people from employment equity target groups employed in the three | # of employee's from designated groups in | Municipal Manager | 100.0% | 100.0% | 100.0% | The target set by the municipality is contrary to the Employment Equity legislation | N/A | N/A |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|--|-------------------|---------------------|---------------|----------------|-------------------------|---|---|--|
| | | highest levels of management in compliance with a municipality's approved employment equity plan | three highest levels of management divided by total # of employees in three highest levels of management | | | | | and should be reviewed. | | | |
| TL25 | Municipal Transformation and Institutional Development | # of Ward level improvement plans that include basic ward level issues (potholes, non-functioning traffic lights, service interruptions, billing queries, etc.) to be addressed | # of plans submitted before 30 March 2016 for inclusion in IDP | Municipal Manager | New KPI for 2015/16 | 6 | 0 | Not achieved. | Ward Committees not workshopped on the development of ward based plans and will be implemented in the new financial year. | N/A | |
| TL26 | Good Governance and Public Participation | # of ward committees provided with quarterly SDBIP performance reports | # of reports submitted | Municipal Manager | New KPI for 2015/17 | 4 | 1 | Not achieved | Ensure that quarterly SDBIP reports are submitted to the ward committees | Agendas and minutes | |
| TL27 | Good Governance and Public Participation | Develop a risk based audit plan with an internal audit plan (RBAP) (MFMA - Section | RBAP with internal audit programme submitted to the Audit | Municipal Manager | N/A | 30 Jun 2016 | 1 | Target achieved | N/A | Approved by council on 31 May 2016. Council minutes | |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|--|--|--|-------------------|---------------------|---------------|----------------|--------------------------------------|---------------------|---------------------------------|
| | | 165(2)(a) and submit to the Audit Committee by 30 June 2016 | Committee by 30 June 2016 | | | | | | | |
| TL28 | Good Governance and Public Participation | Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jun 2016 | Date Audit action plan submitted to council for approval | Municipal Manager | New KPI for 2015/16 | 30 Jun 2016 | 1 | Target achieved in the third quarter | N/A | Council minutes and/ resolution |
| TL29 | Good Governance and Public Participation | Risk management strategy, that includes fraud prevention plan, and policy reviewed and approved on or before 31 March annually | Date risk register approved | Municipal Manager | New KPI for 2015/16 | 31 Mar 2016 | 1 | Target achieved in the third quarter | N/A | Council Resolution |
| TL30 | Good Governance and Public Participation | Monthly submit the Back to Basics report to take part in the provincial intergovernmental programs | # of reports submitted by the 15th of each month | Municipal Manager | New KPI for 2015/16 | 12 | 12 | Target achieved | N/A | Proof of submission |
| TL31 | Good Governance and Public Participation | Annual Report tabled in council on or before 31 Jan 2016 | Date annual report tabled | Municipal Manager | 31 Jan 2015 | 31 Jan 2016 | 1 | Target achieved in the third quarter | N/A | Council Resolution |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|--|--|-------------------|---------------|-----------------|----------------|--|---|---|--|
| TL32 | Good Governance and Public Participation | Annual review of IDP completed before the end of March 2016 | Date annual review completed | Municipal Manager | 31 March 2015 | 31 March 2016 | 1 | Target achieved | N/A | Council resolution dated 29 June 2016 | |
| TL33 | Good Governance and Public Participation | Achieve a qualified audit (2014/15 Financial year) | # of matters | Municipal Manager | N/A | Qualified Audit | 132 | Target achieved | N/A | AG Report | |
| TL34 | Good Governance and Public Participation | % of Council Resolutions implemented within prescribed timeframe stipulated on resolution register | # of council resolutions implemented within time frame divided by total # of resolutions | Municipal Manager | 95% | 95% | 86.8% | There are outstanding resolution not implemented. Two of the resolutions will take over two months for completion. | resolutions immediately implementable and not implemented, officials responsible disciplined. | Execution list and Council Resolutions. | |
| TL35 | Good Governance and Public Participation | No of IGR meetings and forums at District, Provincial and National levels attended | # of meetings attended | Municipal Manager | 4 | 4 | 7 | Target achieved | NA | Attendance registers | |
| TL36 | Local Economic Development | Review the LED Strategy of the municipality on or before 31 Dec 2015 | Date LED strategy approved by Council | Municipal Manager | N/A | 31 Dec 2015 | 1 | Review the LED Strategy of the municipality on or before 31 Dec 2015 | N/A | Council Minutes and/ resolution | |
| TL37 | Municipal Financial | Submit quarterly reports to council on the actual | # of SDBIP Top Layer performance | Municipal Manager | 4 | 4 | 3 | Third quarter report not yet available due | Ensure quicker responses regarding | Third quarter report | |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|--------------------------|---|------------------------------|-----------|----------|---------------|----------------|--|-----------------------|-------------------------|
| | Viability and Management | performance in terms of the Top Layer SDBIP | reports submitted to council | | | | | to review of information in Technical and community services which had an impact on the finalisation of the report | information gathering | |

Chapter 3

Table 75: Employees: Office of the Municipal Manager

| Employees: Executive and Council | | | | | |
|----------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 1 | 1 | 0 | 0% |
| 4 - 6 | 10 | 10 | 10 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 11 | 11 | 11 | 0 | 0% |
| | | | | | T 3.24.4 |

Table 76: Financial performance: Office of the MM

| Financial Performance 2015/16: Office of the MM | | | | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | |
| Expenditure: | | | | | |
| Employees | 2 723 | 5 053 | 4 458 | 4 558 | -11% |
| Repairs and Maintenance | - | 5 | 5 | - | 100% |
| Other | 560 | 619 | 4 395 | 3 084 | 80% |
| Total Operational Expenditure | 3 283 | 5 677 | 8 858 | 7 642 | 26% |
| Net Operational Expenditure | 3 283 | 5 677 | 8 858 | 7 642 | 26% |
| | | | | | T 3.24.5 |

Table 77: Capital Expenditure: Office of the MM

| Capital Expenditure 2015/16: Office of the MM | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0% | |
| No capital expenditure for the financial year | | | | | |
| | | | | | |

Chapter 3

3.25 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

Debt recovery has been a serious concern over the past years. The municipality struggles to collect 100% of what is billed on monthly basis. The arrears are not really serviced. Write-offs have been implemented on irrecoverable inactive accounts older than 3 years and cut offs are performed regularly. The municipality has put its focus on debt collection supporting Revenue Division.

Table 78: Debt Recovery

| Debt Recovery | | | | | | | | |
|--|------------------------------------|---|----------------|------------------------------------|---|---|---|----------|
| | | | | | | | | R' 000 |
| Details of the types of account raised and recovered | 2013/14 | | 2014/15 | | | 2015/16 | | |
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % | |
| Property Rates | | | | | | | | |
| Electricity | | | | | | | | |
| Water | | | | | | | | |
| Sanitation | | | | | | | | |
| Refuse | | | | | | | | |
| Other | | | | | | | | |
| | | | | | | | | T 3.25.2 |

There is a challenge of low revenue collection due to non-payment of accounts. . Cut-off processes are performed on regular basis to address revenue losses from electricity, water services and other services. Faulty meters both water and electrical are being replaced as much as the supply of manpower allows to improve the collection rate.

Chapter 3

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Financial Management

KPA: Financial Viability and Financial Management

IDP Priority: Financial accountability and compliance

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance |
|--------|--|--|---|------------------|----------|---------------|----------------|---------------------|---|-------------------------|
| TL18 | Municipal Financial Viability and Management | Financial Viability: Cost coverage (Reg 796) | Where - "A" represents cost coverage "B" represents all available cash at a particular time "C" represents investments "D" represents monthly fixed operating expenditure $A=(B+C)/D$ | Director Finance | N/A | >3 | 2 | Target not achieved | The municipality's performance is decreasing and measures to curb expenditure must be implemented | Sec 71 (CFA) Report |
| TL19 | Municipal Financial Viability and Management | Financial Viability: Debt coverage (Reg 796) | Where - "A" represents debt coverage "B" represents total operating revenue received "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the | Director Finance | N/A | >1 | 0 | Target not achieved | Improve the municipalities revenue | Sec 71 (CFA) Report |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|--|------------------|---------------------|-----------------|----------------|---------------------|--|-------------------------|--|
| | | | financial year; $A=(B-C)/D$ | | | | | | | | |
| TL20 | Municipal Financial Viability and Management | Financial Viability: Service debtors to revenue (Reg 796) | Where - "A" represents outstanding service debtors to revenue "B" represents total outstanding service debtors "C" represents annual revenue actually received for services; $A=(B/C)$ | Director Finance | 12,04% | 11% | 1960.8% | Target not achieved | Improve the municipalities revenue Collection | Sec 71 (CFA) Report | |
| TL39 | Municipal Financial Viability and Management | Budget approved by Council on or before 30 Jun 2016 | Actual date budget approved | Director Finance | 30 Jun 2015 | 1 | 1 | Target achieved | N/A | Council resolution | |
| TL40 | Municipal Financial Viability and Management | Submit monthly Section 71 Report in terms of the MFMA before the 10th working day of each month | Working days taken to submit sec 71(2) report after end of month | Director Finance | 12 | 10 working days | 8.33 | Target achieved | N/A | N/A | |
| TL41 | Municipal Financial Viability and Management | % of operating revenue actually received (MFMA Circular 71) | Actual Operating Revenue (Excl. Capital Grant Revenue)/ Budgeted Operating Revenue | Director Finance | New KPI for 2015/16 | 85.00% | 64.79% | Target not achieved | Municipality's debt collection is too low and debt recovery measures must be implemented | Sec 71 Report | |
| TL42 | Municipal Financial | Remuneration (Employee | Remuneration (Employee Related | Director Finance | 26.78% | 35% | 35.74% | Target not achieved | Municipality will have to look at measures | Sec 71 Report | |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|--|--|------------------|---------------------|---------------|----------------|--------------------------------------|--|---------------------------|--|
| | Viability and Management | Related Cost and Councilor Remuneration) expenses as % of total budgeted operating expenses (MFMA Circular 71) | Costs and Councilors' Remuneration) / Total Operating Expenditure x 100 | | | | | | to reduce personnel expenditure | | |
| TL43 | Municipal Financial Viability and Management | % MSIG grant spent | Actual MSIG Expenditure /Total MSIG grant x 100 | Director Finance | 100% | 100.00% | 100% | Target achieved | N/A | Sec 71 Report | |
| TL44 | Municipal Financial Viability and Management | Average time taken to procure services and or goods | Average time to procure an item. Time lag between request for procurement and signing of contract or purchase. | Director Finance | New KPI for 2015/16 | 30days | 0.50 | Target achieved | N/A | Procurement documentation | |
| TL45 | Municipal Financial Viability and Management | % expenditure on repairs and maintenance | Total Repairs and Maintenance Expenditure /Total amount budgeted for repairs and maintenance x 100 | Director Finance | New KPI for 2015/16 | 100% | 19% | Target not achieved | Due to financial constraints the municipality could not reach the target | Sec 71 report | |
| TL46 | Municipal Financial Viability and Management | Ave time taken to complete Monthly bank reconciliations at month end | Ave days taken per month | Director Finance | New KPI for 2015/16 | 30 days | 0.00 | No information provided | Ensure that information is provided by responsible persons | Monthly bank recons | |
| TL47 | Municipal Financial | Date Financial statements submitted to AG | Date annual financial statements submitted to the AG | Director Finance | 30 Aug 2014 | 1 | 1.00 | Target achieved in the first quarter | N/A | N/A | |

Chapter 3

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|--|---|------------------|---------------------|---------------|----------------|---------------------|--|-------------------------|--|
| | Viability and Management | by no later than 30 Aug 2016 | | | | | | | | | |
| TL48 | Good Governance and Public Participation | Operating costs for municipal administration as a percentage of total municipal operating costs | Operating costs for General Government support include net unallocated expenditures for: Municipal Manager's Office, Finance Services, Legal Services, Administration Services, Human Resource Services, SCM Services, and Information Technology Services. (Operating cost for municipal administration divided by Total Municipal Operating Cost) | Director Finance | New KPI for 2015/16 | 30% | 37% | Target not achieved | Operating cost should be below 30% | Sec 71 report | |
| TL49 | Good Governance and Public Participation | % of Council Resolutions implemented within prescribed timeframe stipulated on resolution register | # of council resolutions implemented within time frame divided by total # of resolutions | Director Finance | 95% | 95% | 0.00 | Target not achieved | No information available for measurement | N/A | |

Chapter 3

Table 79: Employees: Financial Services

| Employees: Financial Services | | | | | |
|-------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 3 | 3 | 3 | 0 | 0% |
| 4 - 6 | 4 | 7 | 4 | 3 | 43% |
| 7 - 9 | 5 | 8 | 5 | 3 | 38% |
| 10 - 12 | 11 | 11 | 11 | 0 | 0% |
| 13 - 15 | 12 | 12 | 12 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 35 | 41 | 35 | 6 | 15% |
| | | | | | T 3.25.4 |

Table 80: Financial Performance: Financial Services

| Financial Performance 2015/16: Financial Services R'000 | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | 82 208 | 68 228 | | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | 30 608 | 25 728 | | |
| Net Operational Expenditure | | 51600 | 42 500 | | |
| | | | | | T 3.25.5 |

Table 81: Capital expenditure: Financial Services

| Capital Expenditure 2015/16: Financial Services R' 000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0% | |
| No capital expenditure for the financial year | | | | | |
| | | | | | |

Chapter 3

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources is one of the supporting function in Corporate Services Department, its main functions are as follows: Leave Administration, Recruitment, Benefits and Terminations.

Priority: Institutional Performance Capacity and staff provision

To improve performance the Council approved Performance Management Policy and the Institutional Performance Management Framework that will provide guidance in measuring, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The Municipality is currently standing with a total staff component of 200 employees as at end June 2016. The Municipality filled a total number of 17 positions, during the financial year 2015/2016. A total of 11 terminations were recorded due to different types of terminations e.g. Death, retirement, ill health and resignations.

A total number of 6 training interventions were implemented with 34 employees being trained. Other main service statistics are included in Chapter 4 of the Annual Report.

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Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority: Human Resources

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|--|-----------------------------|----------|---------------|----------------|---------------------|--|-------------------------|--|
| TL24 | Municipal Transformation and Institutional Development | % of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan | # of employee's from designated groups in three highest levels of management divided by total # of employees in three highest levels of management | Municipal Manager | 100.0% | 100.0% | 100.0% | Target Achieved | N/A | N/A | |
| TL53 | Municipal Transformation and Institutional Development | No EEA reports submitted to the DoL by 15 January each year | Sum of reports submitted | Director Corporate Services | 0 | 1 | 0.00 | Target not achieved | The EEP report could not be submitted because the Municipality is in the process of reviewing their EEP in 2015/16. The report will only be submitted in 2016/17 | N/A | |
| TL54 | Municipal Transformation and Institutional Development | Number of health and safety committee | Sum of all H&S meetings held per year | Director Corporate Services | 0 | 4 | 9 | Target achieved | N/A | Minutes of meetings | |

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| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|---|-----------------------------|--------------------------------|---|----------------|---|---|--|--|
| | | meetings held per year as required by section 19 of the OHSA | | | | | | | | | |
| TL55 | Municipal Transformation and Institutional Development | WSP, annual training report(ATR) & PIVOTAL report compiled and submitted to LGSETA on 30 April each year. | Date annual training report and WSP submitted to the LGSETA | Director Corporate Services | 1 | 1 Report submitted by 30 Apr 2016 | 1 | Target achieved | N/A | Proof of submission | |
| TL57 | Municipal Transformation and Institutional Development | Review of EE Plan and numerical goals and targets by 31 Dec 2015 | Revised EE Plan and Council Resolution | Director Corporate Services | 95% | 1 EE Plan reviewed on or before 31 Dec 2015 | 0.00 | Target not achieved | Take corrective measures based on the reasons for referring it back to the department | Council Resolution taken by Council to refer EE Plan Review back | |
| TL58 | Municipal Transformation and Institutional Development | Total overtime hours as a percentage of all work hours | Overtime hours worked divided by total hours worked | Director Corporate Services | New KPI for 2015/16 Move to MM | 5% | 5% | Target achieved | Establish reasons for high overtime and implement measures to curb overtime | Overtime information received from payroll | |
| TL59 | Municipal Transformation and Institutional Development | No of LLF meetings held per quarter | Sum of LLF meetings held per year | Director Corporate Services | 5 | 4 | 2 | Target Not achieved Only two meetings were held in the financial year | N/A | LLF meetings and agendas | |

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Table 82: Employees: Human Resource Services

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | 2 | 2 | 0 | 0% |
| 4 - 6 | 1 | 3 | 1 | 2 | 67% |
| 7 - 9 | 2 | 2 | 1 | 1 | 50% |
| 10 - 12 | 9 | 10 | 9 | 1 | 10% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 14 | 17 | 13 | 4 | 24% |
| | | | | | T3.26.4 |

Table 83: Financial Performance: Human Resource Services

| Financial Performance 2015/16: Human Resource Services | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | 5 | 290 | 0 | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | 45 962 | 43 859 | 0 | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.26.5 |

Table 84: Capital Expenditure: Human Resource Services

| Capital Expenditure 2015/16: Human Resource Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 0 | 0 | 0 | 0% | |
| No projects for the financial year | | | | | |
| | | | | | |

Chapter 3

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our 3 primary objectives in ICT are:

- To minimize IT downtime of the network to less than 5% of the time;
- To ensure that our data is backed-up on a regular basis; and
- To ensure all IT queries are addressed within 5 working days.

Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development
KPA: Municipal Transformation and Institutional Development
IDP Priority 25: ICT

No top layer KPI's were set for the financial year due to the fact that the ICT Master plan and Disaster Recovery Plan was approved in March 2015 and the focus moved to the implementation of these plans.

Table 85: Employees: ICT Services

| Employees: ICT Services | | | | | |
|-------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 2 | 1 | 1 | 50% |
| 4 - 6 | 0 | 0 | 0 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 0 | 0 | 0 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 1 | 2 | 1 | 1 | 50% |
| | | | | | T3.27.4 |

Chapter 3

Table 86: Financial Performance: ICT Services

| Financial Performance 2015/16: ICT Services R'000 | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | |
| Expenditure: | | | | | |
| Employees | | | | | |
| Repairs and Maintenance | | | | | |
| Other | 0 | 0 | 0 | 0 | |
| Total Operational Expenditure | | | | | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.27.5 |

Table 87: Capital Expenditure: ICT Services

| Capital Expenditure 2015/16: ICT Services R' 000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | 0 |
| No capital project for this year | | | | | |

3.28 LEGAL AND COUNCIL SUPPORT SERVICES

INTRODUCTION TO LEGAL AND COUNCIL SUPPORT SERVICES

The primary function of this division is to:

- Provide administrative support to Council.
- To attend to all legal related matters on behalf of the Municipality.
- To provide auxiliary services to the administration.
- To spearhead Batho Pele Principles and Back to Basics.
- To attend to all customer care related issues.

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Policy Objectives taken from IDP and SDBIP

Municipal Scorecard Perspective: Institutional Development

KPA: Municipal Transformation and Institutional Development

IDP Priority: Legal Services

| TL Ref | KPA | KPI | Calculation | KPI Owner | Baseline | Annual Target | Annual Results | Performance Comment | Corrective Measures | Evidence of Performance | |
|--------|--|---|---|-----------------------------|----------|---------------|----------------|------------------------|--|--|--|
| TL50 | Good Governance and Public Participation | % of agendas for scheduled meetings distributed to Councillors and officials at least 48 hours before the meeting | No of agendas distributed 48 hours before the meeting divided by the total no of agendas distributed | Director Corporate Services | 90% | 90.00% | 85.4% | Target almost achieved | Improve distribution methods to ensure 100% achievement rate | Acknowledgment of receipt of agenda attached | |
| TL51 | Good Governance and Public Participation | % of Council resolutions distributed within 7 working days after each meeting | No of council resolutions distributed within 7 days after each council meeting divided by No of council resolutions taken | Director Corporate Services | 100% | 100.0% | 100% | Target achieved | N/A | Execution list memo | |
| TL52 | Good Governance and Public Participation | Complete a customer satisfaction survey by end of March and submit report with recommendations to Council | # of surveys conducted and # of reports submitted to council | Director Corporate Services | 0 | 1 | 0.00 | Target not achieved | Designate a dedicated official to facilitate the conduct of customer satisfaction survey | N/A | |
| TL56 | Municipal Transformation and | % of Council Resolutions implemented within prescribed | No of council resolutions implemented within time | Director Corporate Services | 4 | 100% | 1.61% | Not achieved | Decisions outstanding are decisions that can only be | Execution list | |

Chapter 3

| | | | | | | | | | | | |
|--|---------------------------|---|--|--|--|--|--|--|--|--|--|
| | Institutional Development | timeframe stipulated on resolution register | frame divided by total no of resolutions | | | | | | implemented in the following financial year. | | |
|--|---------------------------|---|--|--|--|--|--|--|--|--|--|

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Table 88: Employees: Legal and Council Support Services

| Employees: Legal and Council Support Services | | | | | |
|---|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2014/15 | 2015/16 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 0 | 0 | 0 | 0% |
| 4 - 6 | 1 | 1 | 1 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 | 0% |
| 10 - 12 | 1 | 1 | 1 | 0 | 0% |
| 13 - 15 | 0 | 0 | 0 | 0 | 0% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 | 0% |
| Total | 2 | 2 | 2 | 0 | 0% |
| | | | | | T 3.28.4 |

Table 89: Financial Performance: Legal and Council Support Services

| Financial Performance 2015/16: Legal and Council Support Services R'000 | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| Details | 2014/15 | 2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | | | | |
| Expenditure: | | | | | |
| Employees | | 0 | 0 | | |
| Repairs and Maintenance | | | | | |
| Other | | | | | |
| Total Operational Expenditure | | 0 | 0 | | |
| Net Operational Expenditure | | | | | |
| | | | | | T 3.28.5 |

Table 90: Capital Expenditure: Legal and Council Support Services

| Capital Expenditure 2015/16: Legal and Council Support Services R' 000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2015/16 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| No capital project for this year | | | | | |
| Polishers | | | | | |
| Space saving cabinets | | | | | |
| | | | | | T 3.28.6 |

Chapter 3

COMMENT ON LEGAL AND COUNCIL SUPPORT SERVICE PERFORMANCE OVERALL

The Legal and Support Services Division perform exceptionally well for the period in review. It ensured that the Municipal Council sits as required by the Municipal Systems Act and the Standard Rules and Orders and make necessary preparations for community consultation. It further provided administrative support to the entire institution.

COMPONENT J: MISCELLANEOUS

No additional functions to report.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Performance Management is a process, which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

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In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”

Section 57 makes the employment of the Municipal Manager and Managers directly accountable to him subject to a separate performance agreement concluded annually before the end of July each year. Section 67 regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively. Performance Management, therefore, is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 91: Total Number of Employees

| Description | Employees | | | | |
|------------------------------------|------------------|--------------------------|------------------|------------------|----------------|
| | 2014/15 | 2015/16 | | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies No. | Vacancies % |
| Water | 19 | 20 | 19 | 1 | 5.0% |
| Waste Water (Sanitation) | 22 | 17 | 22 | -5 | -29.4% |
| Electricity | 11 | 11 | 11 | 0 | 0.0% |
| Waste Management | 2 | 7 | 1 | 6 | 85.7% |
| Housing | 1 | 7 | 1 | 6 | 85.7% |
| Waste Water (Storm water Drainage) | 0 | 0 | 0 | 0 | 0.0% |
| Roads | 0 | 0 | 0 | 0 | 0.0% |
| Transport | 0 | 0 | 0 | 0 | 0.0% |
| Planning | 0 | 0 | 0 | 0 | 0.0% |
| Local Economic Development | 1 | 1 | 1 | 0 | 0.0% |
| Planning (Strategic & Regulatory) | 0 | 0 | 0 | 0 | 0.0% |
| Local Economic Development | 0 | 0 | 0 | 0 | 0.0% |
| Community & Social Services | 0 | 0 | 0 | 0 | 0.0% |
| Environmental Protection | 0 | 0 | 0 | 0 | 0.0% |
| Health | 0 | 0 | 0 | 0 | 0.0% |
| Security and Safety | 0 | 0 | 0 | 0 | 0.0% |
| Sport and Recreation | 0 | 0 | 0 | 0 | 0.0% |
| Corporate Policy Offices and Other | 0 | | | 0 | 0.0% |
| Totals | 56 | 63 | 55 | 8 | 12.7% |
| T 4.1.1 | | | | | |

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Table 92: Vacancy Rate

| Vacancy Rate: 2015/16 | | | |
|---|-----------------------|---|--|
| Designations | *Total Approved Posts | *Vacancies (Total time that vacancies exist using fulltime equivalents) | *Vacancies (as a proportion of total posts in each category) |
| | No. | No. | % |
| Municipal Manager | 1 | 0 | 0% |
| CFO | 1 | 0 | 0% |
| Other S57 Managers (excluding Finance Posts) | 2 | 1 | 20% |
| Other S57 Managers (Finance posts) | 0 | 0 | 0% |
| Police officers | 0 | 0 | 0% |
| Fire fighters | 0 | 0 | 0% |
| Senior management: Levels 13-15 (excluding Finance Posts) | 7 | 4 | 57.14% |
| Senior management: Levels 13-15 (Finance posts) | 3 | 3 | 100% |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 4 | 4 | 100% |
| Highly skilled supervision: levels 9-12 (Finance posts) | 2 | 2 | 100% |
| Total | 20 | 14 | |
| T 4.1.2 | | | |

A high turnover rate may be costly to a Municipality and might negatively affect productivity, service delivery and institutional memory/Organisational knowledge. Below is a table that shows the turnover rate within the Municipality.

The table below indicates the turn-over rate over the last three years:

Table 93: Turn-over rate

| Turn-over Rate | | | |
|----------------|--|--|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 2013/14 | | | |
| 2014/15 | 6 | 8 | 7% |
| 2015/16 | 17 | 11 | 14% |
| T 4.1.3 | | | |

COMMENT ON VACANCIES AND TURNOVER:

In May 2015 Council approved the organisational structure. Critical and compliance positions that needed to be filled have been advertised and recruitment is on process.

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During the 2015/16 financial year a total number of 46 positions were advertised both internally and externally. Currently there is only one vacant position of Section 57 Manager (Technical Services) and recruitment for the post is on process.

Council also embarked on the process of reviewing HR Policies which will be submitted to relevant committees for consultation. Turnover is mainly as a result of terminations e.g. death, resignation, retirements and ending of fixed term contracts.

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COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality is constituted of five department, Office of the Municipal Manager, Department of Corporate Services, Department of Finance, Department of Community Services and the Department of Technical Services of which each head of department is responsible for the management of the workforce in its department. Furthermore, each department is divided into divisions that are headed by managers who responsible for the discipline and work of employees in their divisions.

4.2 POLICIES

Table 94: HR Policies and Plans

| HR Policies and Plans | | | | |
|-----------------------|---|-------------|------------|--|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 1 | Affirmative Action | | 80.0% | |
| 2 | Attraction and Retention | | 80.0% | |
| 3 | Code of Conduct for employees | | 80.0% | |
| 4 | Delegations, Authorisation & Responsibility | | 80.0% | |
| 5 | Disciplinary Code and Procedures | | 80.0% | |
| 6 | Essential Services | | 80.0% | |
| 7 | Employee Assistance / Wellness | | 80.0% | |
| 8 | Employment Equity | | 80.0% | |
| 9 | Exit Management | | 80.0% | |
| 10 | Grievance Procedures | | 80.0% | |
| 11 | HIV/Aids | | 80.0% | |
| 12 | Human Resource and Development | | 80.0% | |
| 13 | Information Technology | | 80.0% | |
| 14 | Job Evaluation | | 80.0% | |
| 15 | Leave | | 80.0% | |
| 16 | Occupational Health and Safety | | 80.0% | |
| 17 | Official Housing | | 80.0% | |
| 18 | Official Journeys | | 80.0% | |
| 19 | Official transport to attend Funerals | | 80.0% | 29-Jun-15 |
| 20 | Official Working Hours and Overtime | | 80.0% | |
| 21 | Organisational Rights | | 80.0% | |
| 22 | Payroll Deductions | | 80.0% | |
| 23 | Performance Management and Development | 80.0% | | 31-Aug-14 |
| 24 | Recruitment, Selection and Appointments | | 80.0% | |
| 25 | Remuneration Scales and Allowances | | 80.0% | |

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| HR Policies and Plans | | | | |
|-----------------------|--------------------|-------------|------------|--|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 26 | Resettlement | | 80.0% | |
| 27 | Sexual Harassment | | 80.0% | |
| 28 | Skills Development | | 80.0% | |
| | | | | T 4.2.1 |

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

During the financial year 2015/16, three HR Policies were reviewed and will be workshopped to Councillors and submitted to Council for approval.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 95: Number and Cost of Injuries on Duty

| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|----------------------------|-------------------------------------|--|---|-------------------------------|
| Type of injury | Injury Leave Taken Days | Employees using injury leave No. | Proportion employees using sick leave % | Average Injury Leave per employee Days | Total Estimated Cost R'000 |
| Required basic medical attention only | 13 | 3 | 1,5% | 23.07 | 4910.45 |
| Temporary total disablement | - | | | | |
| Permanent disablement | - | | | | |
| Fatal | - | | | | |
| Total | 13 | 3 | 1.5% | 23.07 | 4910.45 |
| | | | | | T 4.3.1 |

COMMENT ON INJURY AND SICK LEAVE:

The Municipality has put necessary precautions in place to mitigate the injuries from happening. The rate of employees who take sick leave is very minimal and it does not affect the smooth running of the operations.

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Table 96: Number and Period of Suspensions

| Number and Period of Suspensions | | | | |
|----------------------------------|------------------------------|--------------------|--|----------------|
| Position | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised |
| None | | | | |
| | | | | |
| | | | | T 4.3.5 |

Table 97: Disciplinary Action Taken on Cases of Financial Misconduct

| Disciplinary Action Taken on Cases of Financial Misconduct | | | |
|--|---|---------------------------|----------------|
| Position | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalised |
| NONE | | | |
| | | | |
| | | | T 4.3.6 |

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

No employee was suspensions under period in review and cases of financial misconducted were reported or discovered.

4.4 PERFORMANCE REWARDS

In terms of regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805 a bonus may only be paid after the municipal council has adopted the annual report of the year under review.

The majority of Managers (Directors) appointed in terms of Section 56 of the MSA are on fixed-term performance contracts. The Individual Performance Management System has not yet been cascaded down to the second reporting line of managers. Currently no performance bonus system or policy exists to pay bonus to non-section 57 employees. This will be put in place once the organisation achieves the necessary performance management maturity level.

The table below sets out the total number and cost of annual bonuses paid out to senior managers and fixed term contract employees for the 2015/16 financial year:

Table 98: Performance Rewards by Gender

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| Performance Rewards By Gender | | | | | |
|--|---------------------|------------------------------------|-------------------------|--|---|
| Designations | Beneficiary profile | | | | |
| | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards 2013/14 R' 000 | Proportion of beneficiaries within group % |
| Lower skilled (Levels 1-2) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6-8) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled supervision (levels 9-12) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Senior management (Levels 13-15) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| MM and S57 | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Total | | | | | |
| | | | | | N/A |

COMMENT ON PERFORMANCE REWARDS

There were no performances rewards issued to employees during the period under review.

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The local sphere of government falls under Local Government Sector Education and Training Authority and is required to conduct skill audit and thereafter develop Workplace Skill Plan (WSP) which is accompanied by Training Plan. This Training Plan outlines the trainings that would be undertaken in a particular financial year. The employees are being send to different training courses based on the skills identified in the WSP.

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4.5 SKILLS DEVELOPMENT AND TRAINING

Table 99: Skills Matrix

| Skills Matrix | | | | | | | | | | | | | | |
|--|--------|---|---|------------------------|----------------|---|------------------------|----------------|-------------------------|------------------------|----------------|------------------------|------------------------|----------------|
| Management level | Gender | Employees in post as at 30 June 2015/16 | Number of skilled employees required and actual as at 30 June 2015/16 | | | | | | | | | | | |
| | | | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | No. | Actual: End of 2014/15 | Actual: End of 2015/16 | 2015/16 Target | Actual: End of 2014/15 | Actual: End of 2015/16 | 2015/16 Target | Actual: End of 2014/15 | Actual: End of 2015/16 | 2015/16 Target | Actual: End of 2014/15 | Actual: End of 2015/16 | 2015/16 Target |
| MM and s57 | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 4 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 0 | 2 | 2 |
| Councillors, senior officials and managers | Female | 4 | 0 | 0 | 0 | 0 | 2 | 4 | 0 | 0 | 0 | 0 | 4 | 2 |
| | Male | 7 | 0 | 0 | 0 | 0 | 6 | 7 | 0 | 5 | | 0 | 6 | 7 |
| Technicians and associate professionals* | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionals | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub total | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 15 | 0 | 0 | 0 | 0 | 10 | 13 | 0 | 7 | 0 | 0 | 10 | 11 |
| *Registered with professional Associate Body e.g CA (SA) | | | | | | | | | | | | | T 4.5.1 | |

Chapter 4

Table 100: Financial Competency Development: Progress Report

| Financial Competency Development: Progress Report* | | | | | | |
|--|--|--|-----------------------------------|--|---|--|
| Description | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated: Total of A and B | Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounting officer | 1 | 0 | 1 | 0 | 0 | 0 |
| Chief financial officer | 1 | 0 | 1 | 0 | 0 | 0 |
| Senior managers | 2 | 0 | 3 | 0 | 0 | 0 |
| Any other financial officials | 33 | 0 | 33 | 0 | 0 | 0 |
| Supply Chain Management Officials | 0 | 0 | 0 | 0 | 0 | 0 |
| Heads of supply chain management units | 1 | 0 | 1 | 0 | 1 | 0 |
| Supply chain management senior managers | 0 | 0 | 0 | 0 | | |
| TOTAL | 37 | 0 | 37 | 0 | 0 | 0 |

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.6 EMPLOYEE EXPENDITURE

The success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the calibre of staff working for the municipality.

Although sound financial governance is perceived to be most important, without proper personnel management, municipalities are likely to experience difficulty. This has become increasingly evident in a number of large municipalities that have recently found themselves in precarious financial situations, and is certainly true of many smaller municipalities. An analysis of municipal finances suggests that personnel issues lie at the heart of many of the financial problems experienced by municipalities.

At an aggregate level, about 30 per cent of the total municipal operating budget gets spent on the remuneration of personnel.

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. If the Municipality wants to be effective, it is important to ensure that the Municipality plan properly. To ensure that the Municipality adhere to legislation, only approved and budgeted posts on the structure are advertised. The training and development of internal staff are aimed at ensuring that they are able to perform their duties better.

As can be seen from the graph below the workforce expenditure is on an upward curve since 2011. Demands by Labour have led to a steady increase in workforce expenditure despite a very slow economy. If the trend below continues in the future further pressure will be placed on the municipality's limited resources and will necessitate increases in tariffs that will place a greater burden on the rate payers.

Chapter 4

Table 101: Workforce Expenditure trends

COMMENT ON WORKFORCE EXPENDITURE:

The Municipal workforce expenditure is on an upward curve since 2011. Demands by Labour have led to a steady increase in workforce expenditure despite a very slow economy. If the trend below continues in the future further pressure will be placed on the municipality's limited resources and will necessitate increases in tariffs that will place a greater burden on the rate payers.

Table 102: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded

| Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded | | |
|---|--------|-------|
| Beneficiaries | Gender | Total |
| There were no salary increases due to upgrading of employee's position on the period under review. | | |
| <i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i> | | |

Table 103: Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation

| Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation | | | | |
|---|---------------------|----------------------|--------------------|----------------------|
| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
| None. | | | | |

Table 104: Employees appointed to posts not approved

| Employees appointed to posts not approved | | | | |
|---|-------|---------------------|---------------|---|
| Department | Level | Date of appointment | No. appointed | Reason for appointment when no established post exist |
| No appointments were made to posts not approved on the structure. | | | | |

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There was no upgrade of positions due to job evaluation for the financial year 2015/16. Some variances are legacy issues that occurred as a result of previous amalgamation.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of the following three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The municipality's performance during the year under review has been satisfactory, reasonably sound and is not experiencing any financial distress at the moment. To curb inflationary pressures, the municipality does invest excess funds and monitors projects closely to facilitate completion within targeted timeframes.

With the GRAP 24 (Presentation of Budget Information in Financial Statements) now effective, detailed analysis and comments for comparatives of Actual against Budgeted Amounts are shown in the financial statement, which forms part of this report.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original and final adjustments budget.

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Table 105: Financial Summary

| Financial Summary R'000 | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|--------------------|
| Description | 2014/15 | Current:2015/16 | | | 2015/16 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | 14 564 | 15 946 | 14 836 | 15 112 | 15 946 | |
| Service charges | 31 316 | 49 323 | 42 050 | 40 347 | 49 323 | |
| Investment revenue | 1 850 | 3 710 | 878 | 231 | 3 710 | |
| Transfers recognised-operational | 53 929 | 53 514 | 18 645 | 49 784 | 53 514 | |
| Other own revenue | 6 071 | 9 891 | 3 724 | 730 | 9 891 | |
| Total Revenue (excluding capital transfers and contributions) | 76 414 | 132 384 | 80 133 | 106 204 | 132 384 | |
| Employee costs | 38 845 | 40 667 | 41 941 | 40 897 | 40 667 | |
| Remuneration of Councillors | 3 143 | 3 265 | 3 378 | 3 395 | 3 265 | |
| Depreciation & asset impairment | 28 593 | 19 000 | 19 000 | 27 593 | 19 000 | |
| Finance charges | 992 | | 50 | 1 521 | | |
| Materials and bulk purchases | 22 605 | 27 982 | 24 782 | 20 854 | 27 982 | |
| Transfers and grants | | | | | | |
| Other expenditure | 47 242 | 35 044 | 18 419 | 33 462 | 35 044 | |
| Total Expenditure | 141 420 | 125 958 | 107 570 | 127 722 | 125 958 | |
| Surplus/(Deficit) | (65006) | 6 426 | (27 437) | (21 518) | 6 426 | |
| Transfers recognised - capital | 13 639 | 0 | 18 645 | 19031 | 0 | |
| Contributions recognised - capital & contributed assets | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | (51 367) | 6 426 | (27 437) | (24 87) | 6 426 | |
| Share of surplus/ (deficit) of associate | | | | | 0 | |
| Surplus/(Deficit) for the year | (51 367) | 6 426 | (8792) | (27 87) | 6 426 | |
| Capital expenditure & funds sources | | | | | | |
| Capital expenditure | | | | | | |
| Transfers recognised - capital | 13 639 | 0 | 18 645 | 19031 | 0 | |
| Public contributions & donations | 0 | | 0 | 0 | | |
| Borrowing | 0 | | 0 | 0 | | |
| Internally generated funds | 0 | | 0 | 0 | | |
| Total sources of capital funds | 13 639 | 0 | 18 645 | 19031 | 0 | |
| Financial position | | | | | | |
| Total current assets | 38 105 | 48 368 | 48 368 | 37 998 | 48 368 | |
| Total non-current assets | 601 604 | 632 330 | 632 330 | 569 517 | 632 330 | |
| Total current liabilities | 23 749 | 11 627 | 11 627 | 28 046 | 11 627 | |
| Total non-current liabilities | 10 747 | 8 096 | 8 096 | 16 818 | 8 096 | |
| Community wealth/Equity | 605 212 | 660 975 | 660 975 | 0 | 660 975 | |
| Cash flows | | | | | | |
| Net cash from (used) operating | 24 037 | 32 725 | 43 820 | 11 352 | 32 725 | |
| Net cash from (used) investing | 8 123 | (66 607) | (18 645) | (13 725) | (66 607) | |
| Net cash from (used) financing | (99) | (713) | 0 | (92 402) | (713) | |
| Cash/cash equivalents at the year end | 47277 | (18 695) | 16 000 | 729 726 | (18 695) | |
| Cash backing/surplus reconciliation | | | | | | |
| Cash and investments available | | | | | | |
| Application of cash and investments | | | | | | |
| Balance - surplus (shortfall) | | | | | | |
| Asset management | | | | | | |
| Asset register summary (WDV) | | | | | | |
| Depreciation & asset impairment | | | | | | |
| Renewal of Existing Assets | | | | | | |
| Repairs and Maintenance | | | | | | |

Chapter 5

| Financial Summary R'000 | | | | | | |
|--|---------|-----------------|-----------------|--------|------------------|--------------------|
| Description | 2014/15 | Current:2015/16 | | | 2015/16 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Free services Cost of Free Basic Services provided Revenue cost of free services provided <u>Households below minimum service level</u> Water: Sanitation/sewerage: Energy: Refuse: | | | | | | |
| T 5.1.1 | | | | | | |

Chapter 5

Table 106: Financial Performance of Operational Services

| Financial Performance of Operational Services | | | | | | |
|---|----------|-----------------|--------------------|------------|-------------------|--------------------|
| R '000 | | | | | | |
| Description | 2014/15 | 2015/16 | | | 2015/16 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | | 10 816 | 8 816 | | | |
| Waste Water (Sanitation) | | 1 769 | 1 769 | | | |
| Electricity | | 25 444 | 24 244 | | | |
| Waste Management | | 1 245 | 1 245 | | | |
| Housing | | 11 | 11 | | | |
| Component A: sub-total | – | 39 285 | 36 085 | – | | |
| Waste Water (Storm water Drainage) | | | | | | |
| Roads | | 2 253 | 3 353 | | | |
| Transport | | | | | | |
| Component B: sub-total | – | 2 253 | 3 353 | – | | |
| Planning | | 2 315 | 2 315 | | | |
| Local Economic Development | | | | | | |
| Component B: sub-total | – | 2 315 | 2 315 | – | | |
| Planning (Strategic & Regulatory) | | | | | | |
| Local Economic Development | | | | | | |
| Component C: sub-total | – | – | – | – | | |
| Community & Social Services | | 2 276 | 2 276 | | | |
| Environmental Protection | | | | | | |
| Health | | | | | | |
| Security and Safety | | | | | | |
| Sport and Recreation | | 181 | | 181 | | |
| Corporate Policy Offices and Other | | | | | | |
| Component D: sub-total | – | 2 457 | 2 276 | 181 | -1257.46% | -1157.46% |
| Total Expenditure | – | 46 310 | 44 029 | 181 | -25485.64% | -24225.41% |

T 5.1.2

Total recognised revenue was **R133 724 743** this figure is more than the budgeted figure of **R115 543 000** representing a positive variance of 14%. The highlights of income recognised are as follows:

- ❖ Actual service charges were about **R4 302 731** below the budgeted amount. The variance was due to free basic services being budgeted for in service charges while the funding of these services is from equitable share.
- ❖ Actual property rates were about **R1 605 610 above** the budgeted amounts. There was an adjustment done during the financial year.

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- ❖ Investment revenue amounted to **R231 731** and the budgeted amount **R878 000** representing a 74% favourable variance.
- ❖ Operational grants recognised amounted to **R53 514 000** and the budgeted grants income was **R53 514 000** showing that all DORA grants were recognised for budgeting. There was an unspent on the municipal infrastructure grant amounting to **R5 246 631**.

Total expenditure incurred amounted to **R161 841 716** and the budgeted expenditure was **R115 543 000**. The variance was over by 40%. The highlights of the municipality's expenditures are:

- ❖ Depreciation amounted to **R29 836 225** while the budgeted amount was **R19 000 000**. The asset impairment of **R1 273** was never budgeted for while bad debts written off it was budgeted at **R5 678 000** but actual figure that was realised is **R15 220 126**. This variance of was mainly caused by the under budgeting of the none-cash expenditure hence municipality never experience cash crisis.

There was an over spending of **R15 517 495** on General Expenses as the total budgeted for Other Expenses were **R23 644 000** compared to the actual expenditure of about **R39 161 495**. This is mainly due to the cost cutting measures that are being implemented by the municipality.

STATEMENT OF FINANCIAL POSITION

Municipality continues to employ prudent measures. Though the revenue collection is low and we cannot fund our own project, our cash flow is still being managed efficiently. The key highlights are as follows:

Current assets favourable exceed current liabilities by **R6 345 370**.

Assets exceed liabilities by about **R588 223 316**

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5.2 GRANTS

Table 107: Grant Performance

| Grant Performance R' 000 | | | | | | |
|---|---------------|----------------|-----------------------|------------------|---------------------------|------------------------------|
| Description | 2014/15 | 2015/16 | | 2015/16 Variance | | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | 0% | |
| National Government: | 69 005 | 117 065 | 94 379 | 80 142 | -46.07% | -17.76% |
| Equitable share | 50 185 | 49 784 | 49 784 | 49 784 | 0.00% | 0.00% |
| Municipal Systems Improvement | 934 | 930 | 930 | 930 | 0.00% | 0.00% |
| Department of Water Affairs | 2 052 | 45 373 | 22 687 | 13 697 | -231.26% | -65.63% |
| Levy replacement | – | – | – | – | 0.00% | 0.00% |
| Other transfers/grants [insert description] | 15 834 | 20 978 | 20 978 | 15 731 | -33.35% | -33.35% |
| Provincial Government: | 1 416 | 1 416 | 1 416 | – | 0.00% | 0.00% |
| Health subsidy | – | – | – | – | 0.00% | 0.00% |
| Housing | – | – | – | – | 0.00% | 0.00% |
| Ambulance subsidy | – | – | – | – | 0.00% | 0.00% |
| Sports and Recreation | – | – | – | – | 0.00% | 0.00% |
| Other transfers/grants [insert description] | 1 416 | 1 416 | 1 416 | – | 0.00% | 0.00% |
| District Municipality: | – | – | – | – | 0.00% | 0.00% |
| [insert description] | | | | | 0.00% | 0.00% |
| | | | | | 0.00% | 0.00% |
| Other grant providers: | – | – | – | – | 0.00% | 0.00% |
| [insert description] | | | | | 0.00% | 0.00% |
| | | | | | 0.00% | 0.00% |
| Total Operating Transfers and Grants | 70 421 | 118 481 | 95 795 | 80 142 | -47.84% | -19.53% |

T 5.2.1

Table 108: Grants received from sources other than Division of Revenue Act (DoRA)

| Grants Received From Sources Other Than Division of Revenue Act (DoRA) | | | | | | |
|--|----------------------------|----------------------------|--------------------------------------|--------------------------|---|--|
| Details of Donor | Actual Grant 2014/15 | Actual Grant 2015/16 | 2015/16 Municipal Contribution | Date Grant terminates | Date Municipal contribution terminates | Nature and benefit from the grant received, include description of any contributions in kind |
| Parastatals – No grants received | | | | | | |
| | | | | | | |
| Foreign Governments/Development Aid Agencies – No grants received | | | | | | |
| | | | | | | |
| Private Sector / Organisations – No grants received | | | | | | |
| | | | | | | |

T 5.2.3

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COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The municipality did not receive any conditional grants from sources other than the DoRA.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Table 109: Treatment of the three largest assets acquired

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED '2015/16 | | | | |
|---|---|---------|---------|-----------|
| Asset 1 | | | | |
| Name | Letsemeng: Provision of 10 High-Mast Lights | | | |
| Description | Provision of Community Lighting in all Towns | | | |
| Asset Type | Infrastructure asset (Electrical) | | | |
| Key Staff Involved | Mpho Tsoene | | | |
| Staff Responsibilities | Project Management | | | |
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| Asset Value | | | 78 420 | 4 348 883 |
| Capital Implications | Service Delivery Asset | | | |
| Future Purpose of Asset | Improved Sanitation services | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | Yes | | | |
| Asset 2 | | | | |
| Name | | | | |
| Description | Petrusburg/Bolokanang | | | |
| Asset Type | Infrastructure Asset | | | |
| Key Staff Involved | Mpho Tsoene | | | |
| Staff Responsibilities | Project Management | | | |
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| Asset Value | | | | 1 995 000 |
| Capital Implications | Service Delivery Asset | | | |
| Future Purpose of Asset | Improved Sanitation services | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | Yes | | | |
| Asset 3 | | | | |
| Name | Sport Facilities | | | |
| Description | Koffiefontein/Diamanthoogte: New multi-purpose sport facilities and Upgrading of recreational swimming pool | | | |
| Asset Type | Infrastructure Asset | | | |
| Key Staff Involved | Mpho Tsoene | | | |
| Staff Responsibilities | Project Management | | | |
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| Asset Value | | | | 3 508 949 |
| Capital Implications | Service Delivery Asset | | | |
| Future Purpose of Asset | Improved sport facilities | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | Yes | | | |

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COMMENT ON ASSET MANAGEMENT:

Movable asset acquisitions for the 2015/16 financial year amounted to R12.5 million and the additions on immovable assets amount to R71.8 million. Work in progress including project completed in the financial year amount to R95.3 million. Additions to the intangible assets amounted to R177 914. There were no additions to heritage assets, land and buildings for the 2015/16 financial year.

Table 110: Repairs and Maintenance Expenditure

| Repair and Maintenance Expenditure: 2015/16 | | | | |
|---|-----------------|-------------------|--------|-----------------|
| R' 000 | | | | |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 5 801 | 4 728 | 15 75 | 100% |
| | | | | T 5.3.4 |

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

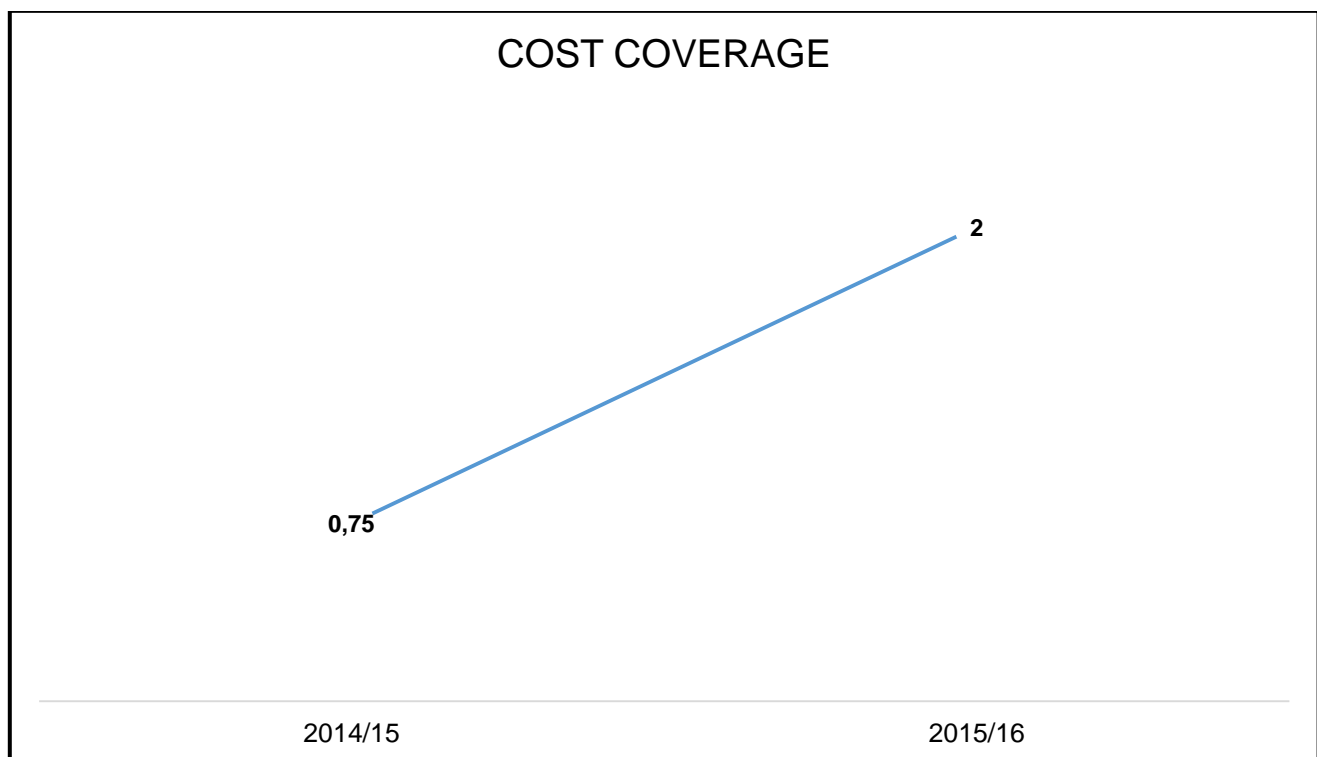


Figure 4: Ratio Cost Coverage

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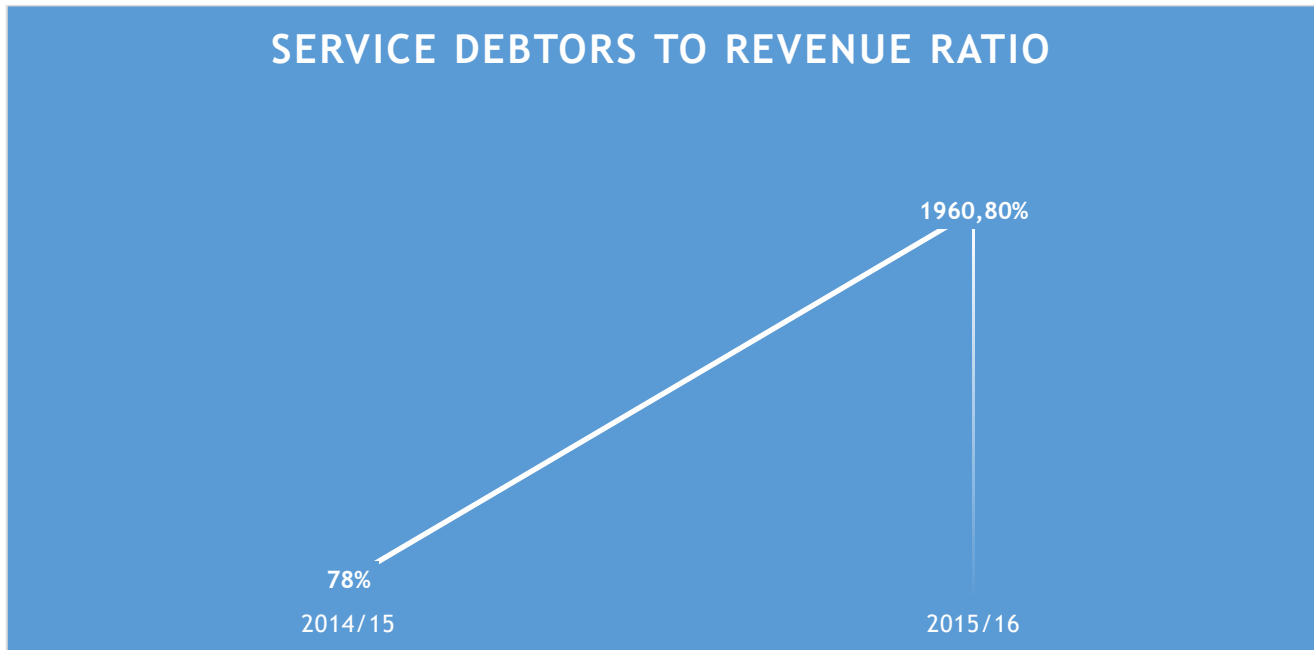


Figure 5: Service Debtors to Revenue Ratio

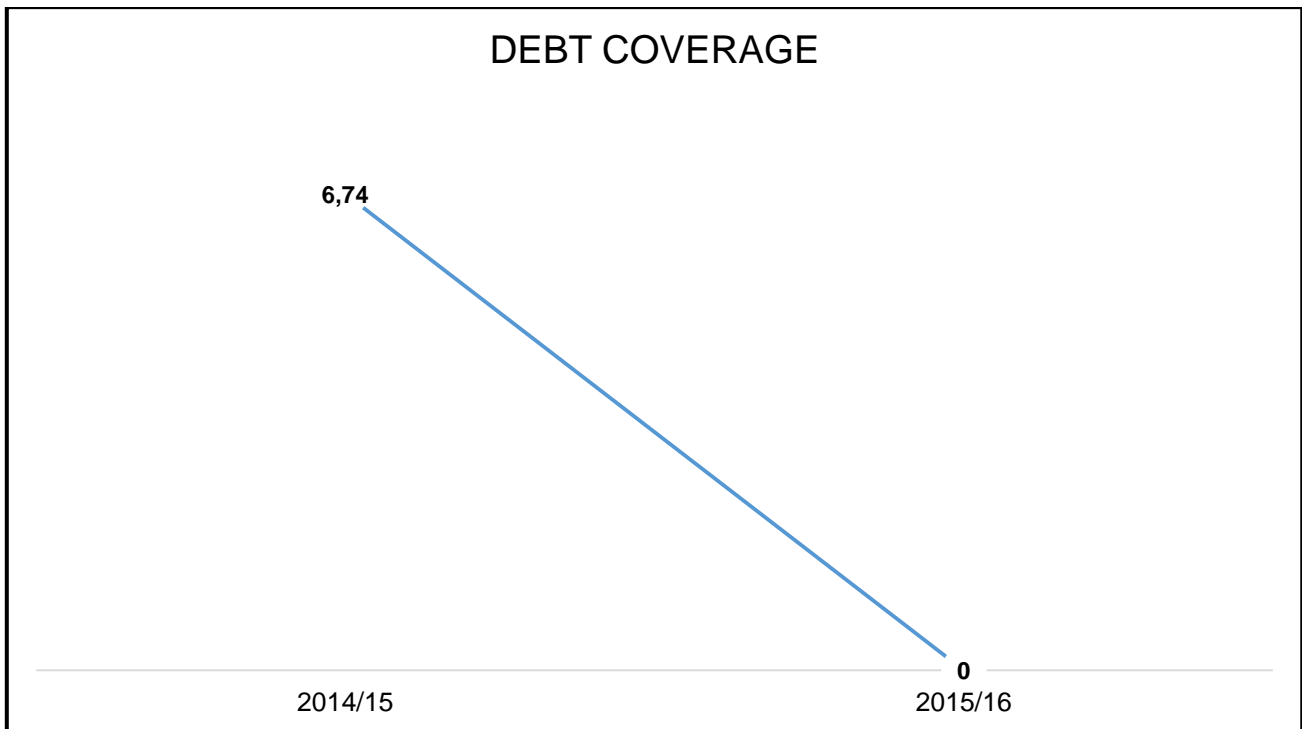


Figure 6: Debt Coverage Ratio

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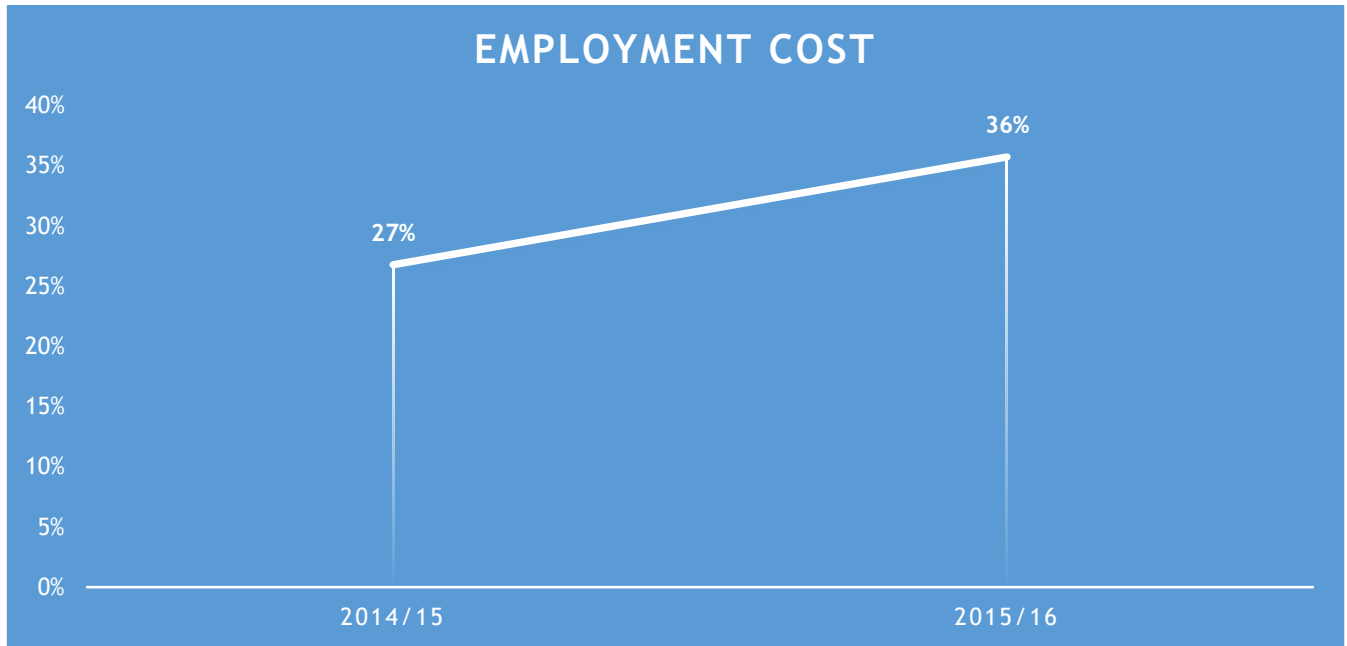


Figure 7: Employee Cost

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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend.

5.5 CAPITAL EXPENDITURE

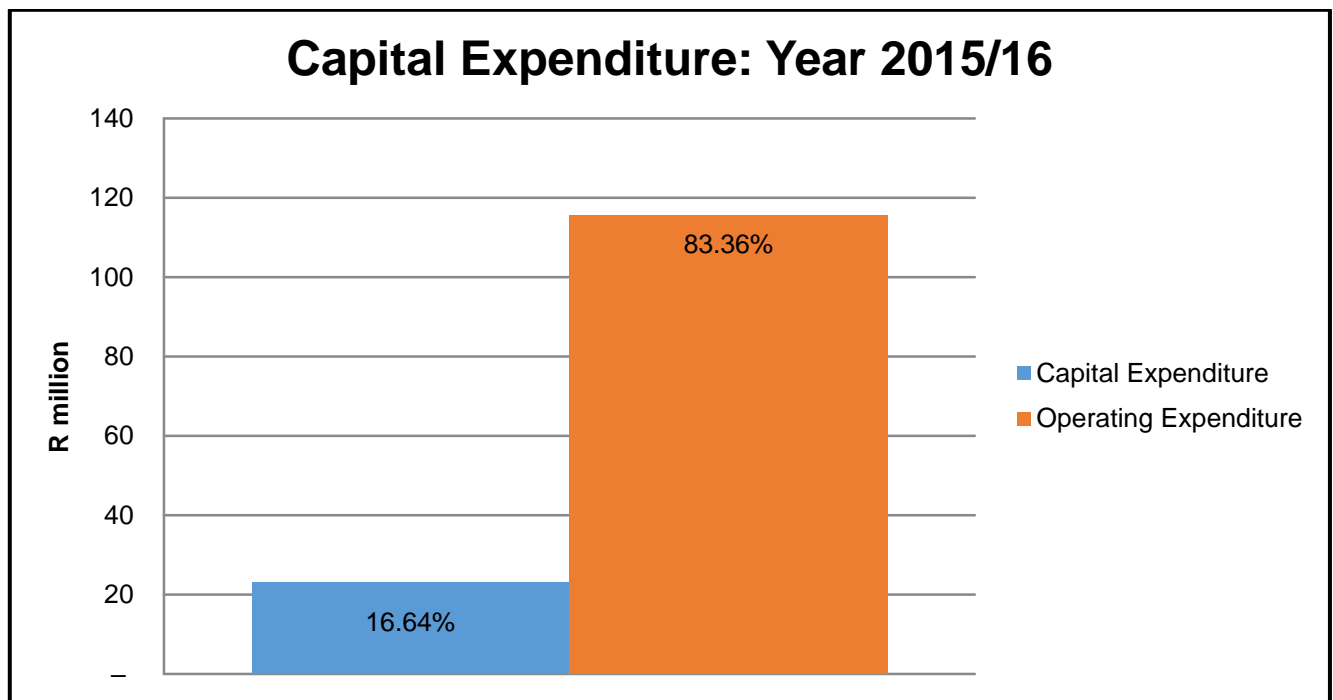


Figure 8: Capital Expenditure

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5.6 SOURCES OF FINANCE

Table 111: Capital Expenditure

| Capital Expenditure - Funding Sources: '2014/15 to '2015/16 | | | | | | | R' 000 |
|---|----------|----------------------|-------------------|----------|-------------------------------|---------------------------|---------|
| Details | 2014/15 | | 2015/16 | | | | |
| | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) | |
| Source of finance | | | | | | | |
| External loans | | | | | | | |
| Public contributions and donations | | | | | | | |
| Grants and subsidies | | 62497 | 18645 | 68 815 | -70.17% | -100.00% | |
| Other | | 4310 | 3574 | 0 | -17.08% | -100.00% | |
| Total | 0 | 66807 | 22219 | 0 | | | |
| Percentage of finance | | | | | | | |
| External loans | | 0.0% | 0.0% | | | | |
| Public contributions and donations | | 0.0% | 0.0% | | | | |
| Grants and subsidies | | 93.5% | 83.9% | | | | |
| Other | | 6.5% | 16.1% | | | | |
| Capital expenditure | | | | | | | |
| Water and sanitation | | 54061 | 12127 | 1935 | -77.57% | -100.00% | |
| Electricity | | 5432 | 6020 | 3 691 | 10.82% | -100.00% | |
| Housing | | - | - | | | | |
| Roads and storm water | | 899 | 483 | 11 40 | -46.27% | -100.00% | |
| Other | | 6415 | 3589 | | -44.05% | -100.00% | |
| Total | 0 | 66807 | 22219 | 0 | | | |
| Percentage of expenditure | | | | | | | |
| Water and sanitation | | 80.9% | 54.6% | 0 | 0 | 0 | |
| Electricity | | 8.1% | 27.1% | 0 | 0 | 0 | |
| Housing | | 0.0% | 0.0% | 0 | 0 | 0 | |
| Roads and storm water | | 1.3% | 2.2% | 0 | 0 | 0 | |
| Other | | 9.6% | 16.2% | 0 | 0 | 0 | |
| | | | | | | | T 5.6.1 |

The approved annual budget for other income was budgeted at R67.7 million. Subsequent to the mid-year budget assessment other income was adjusted to R58.7 million. The year to date collection is at 96% of the revenue budget.

Rental of facilities and equipment is at 18% for the period under review and 58% year-to-date which is still not satisfactory, the renting of equipment and facilities did not incur as expected, there were few rentals made for the period under review.

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Interest earned- external investment is at 14% for the period under review. Fines are at 17% of the budgeted amount and the low rate can be attributed to few fines being issued. Grants and subsidies received are at 100%, all the grants were received for the period under review.

SERVICE CHARGES AND RATES

The table below shows the budget performance on the adjustment budget of R47 million. A total of R11.2 million was billed for the period under review which is 24% of the adjustment budget.

Table 112: Property rates and service charges

| PROPERTY RATES AND SERVICE CHARGES AS AT 30 June 2016 | | | | | | | | |
|---|-------------------|------------------|------------------|------------------|-------------------|------------|-------------------|------------|
| Revenue Source | Adjusted Budget | April 16 | May 16 | June 16 | Total | | Year-to-date | |
| | | Billed | Billed | Billed | Billed | % | R | % |
| Property rates | 14 836 000 | 1106265 | 1027393 | 978976 | 3 112 634 | 21% | 14 140 421 | 95% |
| Service charges: electricity: consumption | 7 711 000 | 488754 | 499451 | 517938 | 1 506 143 | 20% | 6 105 203 | 79% |
| Service charges: water | 7 823 663 | 704984 | 663693 | 634527 | 2 003 204 | 26% | 8 110 704 | 104% |
| Service charges: waste water management | 8 558 132 | 787962 | 789748 | 798000 | 2 375 710 | 28% | 9 412 665 | 110% |
| Service charges: waste management | 8 143 268 | 740759 | 741914 | 740495 | 2 223 168 | 27% | 8 836 114 | 109% |
| Total | 47 072 063 | 3 828 724 | 3 722 199 | 3 669 936 | 11 220 859 | 24% | 46 605 107 | 99% |

The year-to-date billing amounts to R46.6 million which is 99% of the adjustment budget

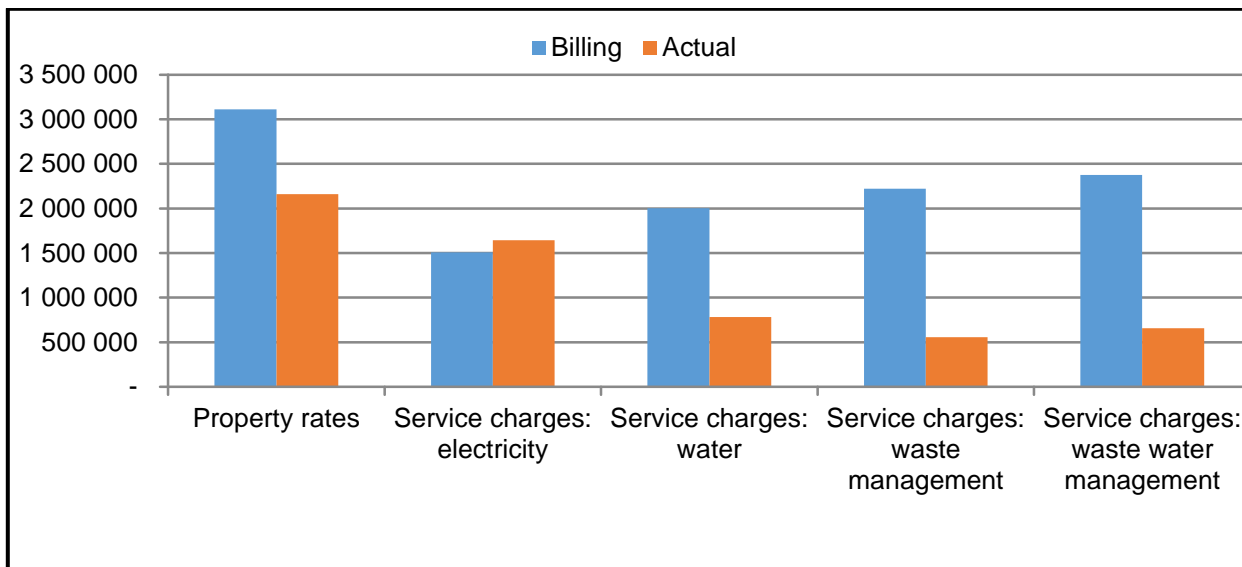


Figure 9: Billing vs Actual

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Property rates collected amounts to R2.1 million which is 69% of the billed amount for the quarter under review, while the amount for electricity equals to R1.6 million which is 109% of the billed income.

Water income collection amounts to R783 387 which is 39% of the billed amount. The collection rate for water revenue is not satisfactorily. Poor payment rates are evident within waste management and waste water management services which are 25% and 28% respectively. There were no new connections and disconnections made between April and June 2016.

Evidence depicted by the above graph that despite the Municipality being able to bill for services rendered at acceptable rates, the collection rates are not satisfactorily. The collection rate on the electricity services are acceptable.

INDIGENTS HOUSEHOLDS

The municipality embarked on an indigent registration for the period under review. At the end of June 2016 the number was standing at 2612.

OTHER INCOME

The approved annual budget for other income was budgeted at R67.7 million. Subsequent to the mid-year budget assessment other income was adjusted to R58.7 million. The year to date collection is at 96% of the revenue budget.

Table 113: Other Income

| OTHER INCOME AS AT 30 June 2016 | | | | | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|-----------|--------------------|------------|
| Revenue Source | Adjustment Budget | April 16 | May 16 | June 16 | Total | | Year-to-date Total | |
| | | | | | R | % | R | % |
| Rent of facilities and equipment | 478 222 | 59 799 | 9 608 | 18 001 | 87 408 | 18% | 278 182 | 58% |
| Interest earned - external investments | 3 710 000 | - | - | - | - | 0% | 507 770 | 14% |
| Dividends received | 5 000 | - | - | - | - | 0% | - | 0% |
| Fines | 52 770 | 1 000 | 1 450 | 6 350 | 8 800 | 17% | 30 130 | 57% |
| Licenses and permits | 6 251 | - | - | - | - | 0% | - | 0% |
| Grants and subsidies received - operating | 53 514 000 | - | - | - | - | 0% | 53 514 000 | 100% |
| Other revenue | 891 166 | 97 692 | 423 695 | 101 619 | 623 006 | 70% | 2 150 431 | 241% |
| Total | 58 657 409 | 158 491 | 434 753 | 125 970 | 719 214 | 1% | 56 480 513 | 96% |

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Rental of facilities and equipment is at 18% for the period under review and 58% year-to-date which is still not satisfactory, the renting of equipment and facilities did not incur as expected, there were few rentals made for the period under review.

Interest earned- external investment is at 14% for the period under review.

Dividends received are at 0%- Dividends received from OVK at the beginning of the year was set off against the outstanding balance we owed at the beginning of the financial period.

Licenses and permits are at 0% - there were no licenses and permits paid for the period under review, people did not apply for licenses and permits as it is not a function of the Municipality.

Fines are at 17% of the budgeted amount and the low rate can be attributed to few fines being issued. Grants and subsidies received are at 100%, all the grants were received for the period under review.

DEBTORS AGE ANALYSIS

The debtors of the municipality arise from the households, government, business and other. These debtors arise from the following services, water, electricity, sewerage and refuse removal.

DEBTORS PER SERVICE

The table below shows the total outstanding debtors of the municipality as at 30 June 2016 which was standing at R92.7 million. As much as the municipality has not accounted for write-offs, the amount is quite significant.

Table 114: Debtors Age Analysis by Income Source

| Debtors Age Analysis By Income Source as at 30 June 2016 | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Description | 0 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 120 days | 121 - 150 days | 151 - 180 days | 181 - 365 days | >365 days | Total |
| Rates | 783 497 | 746 727 | 843 817 | 718 093 | 686 377 | 680 042 | 3 851 586 | 15 907 022 | 24 217 161 |
| Electricity | 258 745 | 215 909 | 129 289 | 173 268 | 121 609 | 146 714 | 626 298 | 2 165 228 | 3 837 060 |
| Water | 681 977 | 645 384 | 669 659 | 645 795 | 1 101 615 | 585 883 | 3 035 257 | 13 212 795 | 20 578 365 |
| Sewerage | 713 986 | 679 829 | 646 209 | 634 238 | 627 156 | 620 767 | 3 936 301 | 13 868 666 | 21 727 152 |
| Refuse | 661 032 | 637 732 | 622 509 | 610 093 | 604 531 | 593 243 | 3 787 940 | 13 611 821 | 21 128 901 |
| Other | 251 204 | 16 874 | 15 826 | 16 448 | 17 496 | 17 813 | 63 344 | 844 743 | 1 243 748 |
| Total | 3 350 441 | 2 942 455 | 2 927 309 | 2 797 935 | 3 158 784 | 2 644 462 | 15 300 726 | 59 610 275 | 92 732 387 |

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DEBTORS PER CUSTOMER GROUP

Table 115: Debtors Age analysis by Customer Group

| Debtors Age Analysis By Customer Group as at 30 June 2016 | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Description | 0 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 120 days | 121 - 150 days | 151 - 180 days | 181 - 365 days | >365 days | Total |
| Government | 164 130 | 41 377 | 35 073 | 33 603 | 413 820 | - | - | - | 688 003 |
| Business | 725 945 | 446 982 | 521 298 | 456 146 | 388 173 | 372 409 | 2 010 699 | 11 159 417 | 16 081 069 |
| Households | 2 460 366 | 2 454 096 | 2 370 938 | 2 308 186 | 2 356 791 | 2 272 053 | 13 290 027 | 48 450 858 | 75 963 315 |
| Total | 3 350 441 | 2 942 455 | 2 927 309 | 2 797 935 | 3 158 784 | 2 644 462 | 15 300 726 | 59 610 275 | 92 732 387 |

The above table shows that household consumers do not pay for services rendered to them. This poses a serious threat on the financial sustainability and overall provision of services by the municipality as households form a major part of the consumers.

Current debtors are standing at R3.4 million, debtors between 31 – 60 days amount to R2.9 million, debtors between 61-90 days amount to R2.9 million, debtors between 91-120 days amount to R2.7 million, debtors between 121-150 days amount to R3.1 million, debtors between 151-180 days amount to R2.6 million, debtors between 181-365 days amount to R15.3 million and over a year amounts to R59.6 million.

OPERATING EXPENDITURE

The municipality approved an operating expenditure budget of R132.6 million which was adjusted to R115.5 million after mid-year assessment was done in January 2016. The year-to-date expenditure amounts to R91.7 million which is 76% of the adjustment budget.

Table 116: Operating Expenditure

| OPERATING EXPENDITURE AS AT 30 June 2016 | | | | | | | | |
|--|--------------------|------------------|------------------|-------------------|-------------------|------------|-------------------|------------|
| Expenditure by type | Adjusted Budget | April 16 | May-16 | June 16 | Total | | Year-to-date | |
| | | | | | R | % | R | % |
| Employee related costs- wages & salaries | 37 589 000 | 3 014 259 | 3 067 152 | 2 985 387 | 9 066 798 | 24% | 35 524 330 | 95% |
| Employee related costs- social contributions | 4 352 000 | 478 504 | 467 275 | 497 196 | 1 442 975 | 33% | 5 427 528 | 125% |
| Remuneration of councillors | 3 377 877 | 282 626 | 289 648 | 282 626 | 854 900 | 25% | 3 303 184 | 98% |
| Repairs and maintenance - municipal assets | 4 727 639 | 35 791 | 12 522 | 104 402 | 152 715 | 3% | 994 552 | 21% |
| Debt impairment | 5 677 616 | - | - | - | - | 0% | - | 0% |
| Depreciation and asset impairment | 19 000 000 | - | - | - | - | 0% | - | 0% |
| Finance costs | 50 000 | 38 454 | - | 45 386 | 83 840 | 168% | 197 273 | 395% |
| Bulk purchases | 24 782 412 | 4 424 038 | - | 3 825 127 | 8 249 165 | 33% | 27 417 165 | 111% |
| General expenses - other | 20 715 000 | 700 758 | 389 607 | 2 753 654 | 3 844 019 | 19% | 18 813 175 | 91% |
| Total | 120 271 544 | 8 974 430 | 4 226 204 | 10 493 778 | 23 694 412 | 20% | 91 677 207 | 76% |

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COMMENT ON SOURCES OF FUNDING:

The total expenditure for this quarter amounts to R23.7 million which is 20% of the adjustment budget.

Employee related costs on salaries amounts to 24% of the adjusted budget amount for the period under review while the year to date is at 95%. The social contributions amounts to 33% of the adjustment budget and the year-to-date is at 125%. Employees took benefits as it was not expected based on the previous results that the employees were reluctant to take up benefits such as pension funds and medical aid. Remuneration of councilors year to date is at 98%.

The spending on repairs and maintenance is very low at 21%, maintenance plans needs to be developed for proper spending on repairs and maintenance.

The amount for depreciation and debt impairment will be calculated when the annual financial statements are made, the estimates will be disclosed on the annual report. Finance costs are at 395% which is due to late payment (after 30 days) of service providers, the institution was having a financial constraint hence the finance costs are higher than anticipated. Bulk purchases are at 33% of the budget and year-to-date is at 111%, other expenditure standing at 19% of the budgeted amount and year- to- date is at 91%.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table 117: Capital Expenditure: 5 Largest Projects

| Capital Expenditure of 5 largest projects* | | | | | |
|---|-------------------|-------------------|--------------------|----------------------------|-------------------------|
| Name of Project | | | | R' 000 | |
| | Current: '2015/16 | | | Variance: Current '2015/16 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| A- Jacobsdal WTW Phase 1 (Reservoir) | 28 500 | 10 000 | 18 500 | 35% | 65% |
| B - Upgrading of Koffiefontein WTW | 6 500 | 1 200 | 5 300 | 18% | 82% |
| C - Upgrading of Jacobsdal WWTW | 5 834 | – | 4 000 | 31% | 100% |
| D - Letsemeng: Provision of 10 High-Mast Lights | 4 349 | – | 4 349 | 0% | 100% |
| E - Luckhoff: Upgrading of waste water treatment works: (MIS: 221659) | 3 586 | – | 3 586 | 0% | 100% |

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| Capital Expenditure of 5 largest projects* | | | | | |
|---|--|-------------------|--------------------|----------------------------|-------------------------|
| Name of Project | Current: '2015/16 | | | Variance: Current '2015/16 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| * Projects with the highest capital expenditure in '2015/16 | | | | | |
| Name of Project - A - Jacobsdal WTW Phase 1 (Reservoir) | | | | | |
| Objective of Project | Upgrade the water supply to the Jacobsdal Town and Ratanang | | | | |
| Delays | Wrong priority, instead of upgrading the plant, a reservoir was built | | | | |
| Future Challenges | demand increasing leading in plant suffocating to low capacity. | | | | |
| Anticipated citizen benefits | Job creation and skills development | | | | |
| Name of Project - B - Upgrading of Koffiefontein WTW | | | | | |
| Objective of Project | Refurbish the plant to be able to function to its full capacity | | | | |
| Delays | poor performance by contractor | | | | |
| Future Challenges | poor performance by the plant resulting in producing poor quality water and not meeting the demand. | | | | |
| Anticipated citizen benefits | increased water quality, Job creation and skills development | | | | |
| Name of Project - C - Upgrading of Jacobsdal WWTW | | | | | |
| Objective of Project | upgrade the WWTW to be able to meet the green drop standard | | | | |
| Delays | poor management of contract by the consultant | | | | |
| Future Challenges | lack of funding to complete the project | | | | |
| Anticipated citizen benefits | increased water quality, Job creation and skills development | | | | |
| Name of Project - D - Letsemeng: Provision of 10 High-Mast Lights | | | | | |
| Objective of Project | Increase community lighting in dark areas | | | | |
| Delays | Connection point by Eskom | | | | |
| Future Challenges | Connection point by Eskom due to low capacity locally | | | | |
| Anticipated citizen benefits | increased lighting, reduced crime rate, Job creation and skills development | | | | |
| Name of Project - E - Luckhoff: Upgrading of waste water treatment work | | | | | |
| Objective of Project | upgrade the WWTW to be able to meet the green drop standard | | | | |
| Delays | first contractor terminated after a long time resulting in delays for appointing another contractor, | | | | |
| Future Challenges | Plant not being able to produce the required standard as a result of lack of capacity. | | | | |
| Anticipated citizen benefits | increased water quality, Job creation and skills development | | | | |
| T 5.7.1 | | | | | |

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5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Table 118: Service Backlogs

| Service Backlogs as at 30 June 2016 | | | | |
|-------------------------------------|---------------------------------------|-------|--|---------|
| | *Service level above minimum standard | | **Service level below minimum standard | |
| | No. HHs | % HHs | No. HHs | % HHs |
| Water | 8400 | 100% | 0 | % |
| Sanitation | 8021 | 95% | 692 | 5% |
| Electricity | 8040 | 100% | 0 | 0 |
| Waste management | 8400 | 100% | 0 | 0 |
| Housing | | | | |
| | | | | T 5.8.2 |

COMMENT ON BACKLOGS:

As can be seen the basic services backlogs have reduced over the past few years. The backlogs remaining will however require big infrastructure spending to eradicate and it should also be borne in mind that existing infrastructure in some areas are dated and in need of major overhaul to prevent service interruptions.

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The proper management of cash resources is paramount in ensuring viability and sustainable growth and development. The municipality did not maintain significant investments due to pressing operational requirements and an effort to maintain creditors' payment within 30 days and addressing the long term liabilities.

5.9 CASH FLOW

Table 119: Cash flow

| Cash Flow Outcomes | | | | |
|---|-----------------|-------------------|-------------------|-----------------|
| | R'000 | | | |
| | 2014/15 | Current: '2015/16 | | |
| | Actual | Original Budget | Adjustment Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Property Rates | 14 564 | 15 946 | 14 836 | 16 442 |
| Government Grant and Subsidies | 72 362 | 53 514 | 53 514 | 70 706 |
| Sale of goods and services | | 65 270 | 56 886 | – |
| Service Charges | 31 316 | 49 324 | 42 050 | 37 747 |
| Interest Received | 6 593 | – | – | 7 485 |
| Dividends Received | 5 | 5 | 4 | 7 |
| Other Receipts | 2 554 | 9 891 | 3 724 | 744 |
| Payments | | | | |
| Suppliers and employees | (140 643) | (132 637) | (115 493) | (160 320) |
| Finance charges | (1 428) | – | 50 | 1 522 |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | (23 828) | 51 417 | 51 843 | (33 903) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | – | – | – |
| Decrease (increase) other non-current receivables | – | – | – | – |
| Decrease (increase) in non-current investments | – | – | – | – |
| Payments | | | | |
| Capital assets | – | (62 497 000) | (18 645 000) | – |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | – | (62 497) | (18 645) | – |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | – | – | – | – |

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| Cash Flow Outcomes | | | | | R'000 |
|--|-----------------|-------------------|-------------------|-----------------|---------|
| | 2014/15 | Current: '2015/16 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | |
| Borrowing long term/refinancing | – | – | – | – | |
| Increase (decrease) in consumer deposits | – | 713 | – | 713 | |
| Payments | | | | | |
| Repayment of borrowing | – | – | – | – | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | – | 713 | – | 713 | |
| NET INCREASE/ (DECREASE) IN CASH HELD | (23 828) | (10 367) | 33 198 | (33 190) | |
| Cash/cash equivalents at the year begin: | | 15 900 | 15 900 | 15 900 | |
| Cash/cash equivalents at the year-end: | | 5 533 | 49 098 | (17 290) | |
| Source: MBRR A7 | | | | | T 5.9.1 |

COMMENTS ON CASH FLOW

Receipts

- ❖ Revenue for service charges increased in the current year as it is R 37 747 269 compared to R31 316 127 in the previous year.
- ❖ Government grants decreased by 2% (R 70 705 904 against R 72 362 386 in 2015/16) this is due to reduced allocation of equitable share.

Payments

- ❖ The suppliers and employees payments were higher than prior year mainly due to appointments of key positions which were vacant and procurement of IT services in the previous year.
- ❖ Finance charges increased due to non-payment of suppliers within 30 days due to financial constraint.

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Letsemeng municipality is highly dependent on grants to finance its operating and capital activities. Grant income constitutes on average 68% of income.

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Table 120: Actual Borrowings 2013/14 to 2015/16

| Actual Borrowings: '2013/14 to '2015/16 | | | |
|--|----------|----------|----------|
| | R' 000 | | |
| Instrument | 2013/14 | 2014/15 | 2015/16 |
| Municipality | | | |
| Long-Term Loans (annuity/reducing balance) | 0 | 0 | 0 |
| Long-Term Loans (non-annuity) | 0 | 0 | 0 |
| Local registered stock | 0 | 0 | 0 |
| Instalment Credit | 0 | 0 | 0 |
| Financial Leases | 0 | 0 | 0 |
| PPP liabilities | 0 | 0 | 0 |
| Finance Granted By Cap Equipment Supplier | 0 | 0 | 0 |
| Marketable Bonds | 0 | 0 | 0 |
| Non-Marketable Bonds | 0 | 0 | 0 |
| Bankers Acceptances | 0 | 0 | 0 |
| Financial derivatives | 0 | 0 | 0 |
| Other Securities | 0 | 0 | 0 |
| Municipality Total | 0 | 0 | 0 |

Table 121: Municipal Investments

| Municipal Investments | | | |
|--|----------|----------|----------|
| | R' 000 | | |
| Investment* type | 2013/14 | 2014/15 | 2015/16 |
| | Actual | Actual | Actual |
| Municipality | 0 | 0 | 0 |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits - Bank | | | |
| Deposits - Public Investment Commissioners | | | |
| Repurchase Agreements - Banks | | | |
| Municipal Bonds | | | |
| Other | | | |
| Municipality sub-total | | | |
| Consolidated total: | | | |
| T 5.10.4 | | | |

5.11 PUBLIC PRIVATE PARTNERSHIPS

The municipality have not entered into any public private partnerships.

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COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

COMMENTS ON SUPPLY CHAIN MANAGEMENT

The Supply Chain Manager was appointed during this financial period.

5.13 GRAP COMPLIANCE

COMMENTS ON GRAP COMPLIANCE

Letsemeng Local Municipal compiles its Annual Financial Statements in line with General Recognised Accounting Practise.

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/15

6.1 AUDITOR GENERAL REPORTS 2014/15

| Auditor-General Report on Financial Performance: 2014/15 | |
|--|------------------------------|
| Audit Report Status*: | |
| Non-Compliance Issues | Remedial Action Taken |
| | |
| | |
| | |
| | |
| | |
| T 6.1.1 | |

| Auditor-General Report on Service Delivery Performance: 2014/15 | |
|---|------------------------------|
| Audit Report Status: | |
| Non-Compliance Issues | Remedial Action Taken |
| | |
| | |
| | |
| | |
| | |
| T 6.1.2 | |

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COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2015/16

| Auditor-General Report on Financial Performance 2015/16* | |
|--|------------------------------|
| Status of audit report: | |
| Non-Compliance Issues | Remedial Action Taken |
| Annual Financial Statements | |
| Expenditure Management | |
| Revenue Management | |
| Asset Management | |
| T 6.2.1 | |

| Auditor-General Report on Service Delivery Performance: 2015/16* | |
|--|------------------------------|
| Status of audit report**: | |
| Non-Compliance Issues | Remedial Action Taken |
| Conditional Grants received | |
| Strategic planning and performance management | |
| Procurement and contract management | |
| | |
| T 6.2.2 | |

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2015/16

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Report of the auditor-general to the Free State Legislature and the council on the Letsemeng Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Letsemeng Local Municipality set out on pages 195 to 263, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property plant and equipment

6. The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. The municipality incorrectly recognised land and buildings that are not in its control and also did not account for all items of property, plant and equipment in the asset register, resulting in property, plant and equipment being overstated by R19 319 071 (2014-15: understated by R11 400 205) . Additionally, there was a resultant impact on the depreciation expense, deficit for the period and on the accumulated surplus. In addition, I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment due to lack of an adequate asset management system. I was unable to confirm the assets by alternative means. Consequently, I was unable to determine whether any further adjustments to property, plant and equipment stated at R 568 867 825 (2014-15: R 565 774 216) in note 8 to the financial statements were necessary.

Service charges

7. The municipality did not recognise revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. Service charges relating to sewerage, sanitation and refuse removal were incorrectly recognised, resulting in both service charges and receivables from exchange transactions being overstated by R2 788 377(2014-15: R8 034 354). The municipality also did not have adequate systems to account for the billing of service charges for water and electricity, which resulted in service charges being materially misstated. I was unable to determine the impact on the service charges, as it was impracticable to do so. Additionally, there was a resultant impact on the deficit for the period and on the accumulated surplus. Furthermore, I was unable to obtain sufficient appropriate audit evidence for service charges relating to electricity due to the status of the accounting records. I was unable to confirm the service charges by alternative means. Consequently, I was unable to determine whether any

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further adjustments to the service charges stated at R 40 347 912 in note 18 to the financial statements, were necessary.

Property rates

8. The municipality did not recognise revenue from property rates in accordance with GRAP 23, *Revenue from non-exchange transactions*. Property rates were incorrectly calculated due to a lack of reconciliation between the accounting system and the valuation roll, resulting in both property rates and receivables from non-exchange transactions being overstated by R3 399 642. Additionally, there was a resultant impact on the deficit for the period and on the accumulated surplus. Furthermore, I was unable to obtain sufficient appropriate audit evidence for property rates due to the status of the accounting records. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to the property rates stated at R 15 112 134 in note 22 to the financial statements, were necessary.

Unauthorised expenditure

9. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure, as sufficient information was not available for the calculation of the amount to be disclosed. I could not confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to unauthorised expenditure stated at R194 260 391 in note 43 to the financial statements, was necessary.

General expenses

10. The municipality did not have adequate systems to ensure that general expense transactions have been correctly classified in terms of GRAP 1, *Presentation of financial statements*. This resulted in general expenses being overstated by R377 936 and administration expenses being understated by R377 936. In addition, I was unable to obtain sufficient appropriate audit evidence for general expenses due to inadequate record management. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments to the general expenses stated at R33 462 628 in note 32 to the financial statements, were necessary.

Cash flow statement

11. The municipality did not present the cash flow statement in accordance with GRAP 2, *Cash flow statements*. The cash flows from operating activities and investing activities relating to the previous year's figures were misstated as the impact of restatements made to the statement of financial position was not correctly included in the cash flow calculations, resulting in the

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corresponding figures of the cash flow statement being misstated by R9 446 917.

Material losses

12. The municipality did not disclose water and electricity distribution losses, as required by section 125(2)(d) of the MFMA. As the municipality did not maintain adequate records of water and electricity usage, I was unable to determine the full extent of the understatement of distribution losses, as it was impracticable to do so.

Inventory

13. During 2014-15, the municipality did not recognise inventory in accordance with GRAP 12, *Inventory*. Inventory was incorrectly measured, as the quantities were overstated and the lower of cost and net replacement value was not used, resulting in inventory being overstated by R4 248 688 in the previous year. Additionally, there was a resultant impact on the deficit for the previous year and on the accumulated surplus. My audit opinion on the financial statements for the period ended 30 June 2015 was modified accordingly. My opinion on the period under review's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Qualified opinion

14. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Letsemeng Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

16. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

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Going concern

17. Note 41 to the financial statements indicated that the municipality incurred a net loss of R 17 602 044 during the year ended 30 June 2016. These conditions, along with other matters as set forth in note 41, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Material impairments

18. As disclosed in note 4 to the financial statements, receivables from exchange transactions were impaired by R 51 700 821 (2015: R 34 360 239) and, as disclosed in note 5 to the financial statements, receivables from non-exchange transactions were impaired by R 20 391 805 (2015: R 13 217 001).

Irregular expenditure

19. As disclosed in note 45 to the financial statements, the municipality incurred irregular expenditure of R17 498 603 (2014-15: R19 825 423) due to non-compliance with supply chain management (SCM) requirements. At the time of this report, the full extent of irregular expenditure was in the process of being determined.

Additional matter

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

21. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

22. The supplementary information set out on pages x to x does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Report on other legal and regulatory requirements

23. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance

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information against predetermined objectives of selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on them.

Predetermined objectives

24. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2016:
- Key performance area: basic service delivery, on page 41
 - Key performance area: local economic development, on page 87
 - Key performance area: municipal transformation and institutional development, on page 101.
25. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
26. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
27. The material findings in respect of the selected key performance areas are as follows:

Key performance area: Basic service delivery

Usefulness of reported performance information

28. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. Important reported targets were not consistent with those in the approved service delivery agreement.
29. The FMPPI requires performance targets to be measurable. Important targets were not measurable.

Reliability of reported performance information

30. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store

Chapter 6

performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was because of limitations placed on the scope of my work due to the auditee not providing sufficient appropriate evidence in support of the reported performance information.

Key performance area: Local economic development

Reliability of reported performance information

31. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 50% of indicators were not reliable when compared to the evidence provided.

Key performance area: Municipal transformation and institutional development

Reliability of reported performance information

32. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 33% of indicators were not reliable when compared to the evidence provided.

Additional matters

33. I draw attention to the following matters:

Achievement of planned targets

34. Refer to the annual performance report on pages 41 to 123 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 28 to 32 of this report.

Adjustment of material misstatements

35. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service

Chapter 6

delivery, local economic development and municipal transformation and institutional development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary schedules

36. The supplementary information set out on pages to do not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with legislation

37. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

38. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently. However, the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

39. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
40. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA.
41. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.
42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

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Revenue management

- 43. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

- 44. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

- 45. Unauthorised expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 46. Irregular expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulation 75(1).
- 47. Fruitless and wasteful expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulation 75(1).

Conditional grants received

- 48. The municipal infrastructure grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of DoRA.
- 49. The municipality did not evaluate its performance in respect of programmes funded by the municipal infrastructure grant, as required by section 12(5) of DoRA.

Human resource management and compensation

- 50. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff, in contravention of section 67(d) of the Municipal Systems Act.

Strategic planning and performance management

- 51. The local community was not consulted by means of a municipal wide structure for community

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participation or through a forum that enhances community participation in implementing the IDP, as required by section 28 of the Municipal Systems Act and municipal planning and performance management regulation 15(1)(a)(i).

- 52. The adopted IDP did not reflect and identify the key performance indicators and targets and a financial plan, as required by sections 26 and 41 of the Municipal Systems Act, as well as municipal planning and performance management regulation 2(1)(e) and 2(3)(a to c).
- 53. The municipality did not establish a performance management system as required by section 38(a) of the Municipal Systems Act and municipal planning and performance management regulation 8.
- 54. The performance of the municipality was not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.

Procurement and contract management

- 55. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).
- 56. I could not obtain sufficient appropriate audit evidence that goods and services of a transaction value above R200 000 were procured by inviting competitive bids or that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).
- 57. Invitations for competitive bidding were not always advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
- 58. I could not obtain sufficient appropriate audit evidence that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding and quotations, as required by SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
- 59. Bid adjudication committees were not always composed in accordance with SCM regulation 29(2).
- 60. Contracts were awarded to bidders based on preference points that were not allocated or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and its regulations.
- 61. Contracts were awarded to bidders that did not score the highest points in the evaluation process, in contravention of section 2(1)(f) of the PPPFA.

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- 62. Contracts were awarded to bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
- 63. Construction contracts were awarded to contractors that did not qualify for the contract, in contravention of section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) (CIDB Act) and CIDB regulations 17.
- 64. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
- 65. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

Internal control

- 66. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

- 67. The leadership did not develop action plans and monitor their implementation to address internal control deficiencies. This was because of the slow response to address internal control weaknesses identified and reported, which resulted in a last minute effort during the audit process to try and resolve significant findings.
- 68. The leadership did not adequately oversee financial and performance reporting and compliance and related internal controls as it did not ensure that there were sound internal controls in the daily operations of the municipality.
- 69. The leadership did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. As a result there was no consequence management for employees not performing their duties at the municipality.

Financial and performance management

- 70. Management did not implement proper record keeping in a timely manner to ensure that

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complete, relevant and accurate information is accessible and available to support financial and performance reporting. This was as a result of the slow response in addressing prior year audit findings, vacancies in the finance department and the reliance on consultants to provide information without management taking ownership.

71. Management did not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information. This was due to the municipality not implementing consequence management for employees not preparing and submitting the required financial and performance information, lack of competencies of officials and the high reliance on consultants.

Governance

72. The accounting officer did not ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively.
73. The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation as limited reports were provided to them by the internal audit unit. The audit committee also did not review the financial statements and the annual performance report before it being submitted for audit.

Bloemfontein

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 6

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2015/16:

The municipality received again a qualified audit opinion for the 2015/16 financial year. The main issue that resulted in a qualified audit opinion was with regards to revenue, property, plant and equipment and compliance issues.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

Glossary

GLOSSARY

| | |
|---|--|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”. |
| Adequacy indicators | The quantity of input or output relative to the need or demand. |
| Annual Report | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| Baseline | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Cost indicators | The overall cost or expenditure of producing a specified quantity of outputs. |
| Distribution indicators | The distribution of capacity to deliver services. |
| Financial Statements | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |
| General Key performance indicators | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| Impact | The results of achieving specific outcomes, such as reducing poverty and creating jobs. |
| Inputs | All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings. |
| Integrated Development Plan (IDP) | Set out municipal goals and development plans. |
| National Key performance areas | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”. |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| Performance Indicator | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered) |

Glossary

| | |
|--|--|
| Performance Information | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |
| Performance Standards: | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| Performance Targets: | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period. |
| Service Delivery Budget Implementation Plan | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| Vote: | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p> |

Appendices

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance | | | | | |
|--|--------------------------------|--|---------------------------------|--|---|
| Council Members | Full Time / Part Time FT/PT | Committees Allocated | *Ward and/ or Party Represented | Percentage Council Meetings Attendance | Percentage Apologies for non-attendance |
| | | | | % | % |
| Cllr TI Reachable | FT | Planning and Development | ANC - PR | 81% | |
| Cllr P Louw | PT | Technical Committee | ANC - PR | 100% | 0% |
| Cllr K Nel | PT | Finance Committee | DA - PR | 100% | 0% |
| Cllr L Greef | PT | Community Committee | DA - PR | 72% | 0% |
| Cllr V Coetzee | PT | Technical Committee/Community Services | Cope - PR | 72% | 0% |
| Cllr P Dibe | PT | Technical Committee/Planning and Development | ANC - Ward | 100% | 4% |
| Cllr M Jantjies | PT | Corporate Services/Planning and Development | ANC - Ward | 65% | 0% |
| Cllr M Musa | PT | Corporate Services/Health Committee | ANC - Ward | 100% | 0% |
| Cllr V Mona | FT | Corporate Services | ANC - Ward | 90% | 0% |
| Cllr M Tsiloane | PT | Finance Committee/Health | ANC - Ward | 95% | 5% |
| Cllr M Mpatshela | PT | Health Committee/Community Services | ANC - Ward | 100% | 0% |
| <i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i> | | | | | T A.1 |

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | |
|--|--|
| Municipal Committees | Purpose of Committee |
| Oversight Committee | Playing an oversight Role over the finances and the administration of the Municipality |
| Audit Committee | Performing duties as stipulated in Section 166 of the MFMA |

Appendices

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | |
|---|---|
| Directorate | Director/Manager (State title and name) |
| Office of the Municipal Manager | Municipal Manager – BA Mnguni (Mr) |
| | |
| | |
| | |
| Financial Services | Chief Financial Officer – MK Khoabane (Mr) |
| | |
| | |
| | |
| Technical Services | Director: Technical Services – (Acting) R Bapela and M Tlali (Mr) |
| | |
| | |
| | |
| Corporate services | Director: Corporate Services – TF Deeuw (Mr) |
| | |
| | |
| Community and Emergency Services | Director Community Services – CJ Makhoba |
| | |
| | |
| | |
| | |

Appendices

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

| Municipal Functions | |
|---|---|
| Municipal Functions | Function Applicable to Municipality (Yes / No)* |
| Constitution Schedule 4, Part B functions: | |
| Air pollution | No |
| Building regulations | Yes |
| Child care facilities | No |
| Electricity and gas reticulation | Yes |
| Firefighting services | Yes |
| Local tourism | Yes |
| Municipal airports | No |
| Municipal planning | Yes |
| Municipal health services | No |
| Municipal public transport | No |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | Yes |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | No |
| Storm water management systems in built-up areas | Yes |
| Trading regulations | No |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes |
| Beaches and amusement facilities | No |
| Billboards and the display of advertisements in public places | Yes |
| Cemeteries, funeral parlours and crematoria | Yes |
| Cleansing | Yes |
| Control of public nuisances | Yes |
| Control of undertakings that sell liquor to the public | Yes |
| Facilities for the accommodation, care and burial of animals | Yes |
| Fencing and fences | Yes |
| Licensing of dogs | No |
| Licensing and control of undertakings that sell food to the public | Yes |
| Local amenities | Yes |
| Local sport facilities | Yes |
| Markets | No |
| Municipal abattoirs | No |
| Municipal parks and recreation | Yes |
| Municipal roads | Yes |
| Noise pollution | Yes |
| Pounds | No |
| Public places | Yes |
| Refuse removal, refuse dumps and solid waste disposal | Yes |
| Street trading | Yes |
| Street lighting | Yes |
| Traffic and parking | Yes |

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Appendices

APPENDIX E – WARD REPORTING

| Functionality of Ward Committees | | | | | |
|----------------------------------|---|--|--|---|--|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of monthly Committee meetings held during the year | Number of monthly reports submitted to Speakers Office on time | Number of quarterly public ward meetings held during year |
| 1 | Cllr M.M.Tsiloane | Yes | 8 | 8 | 2 |
| | | | | | 2 |
| 2 | Cllr M.Jantjies | Yes | 6 | 6 | 2 |
| | | | | | |
| 3 | Cllr S. Musa | Yes | 7 | 7 | 2 |
| | | | | | |
| 4 | Cllr V.Mona | Yes | 8 | 8 | 2 |
| | | | | | |
| 5 | Cllr M.Mpatshehla | Yes | 9 | 9 | 2 |
| | | | | 2 | |
| 6 | Cllr P.Dibe | Yes | 8 | 8 | 2 |

Appendices

APPENDIX F – WARD INFORMATION

| Ward Title: Ward Name (Number) | | | | |
|---|---|------------|-------------------|-----------------------|
| Capital Projects: Seven Largest in '2015/16 (Full List at Appendix O) | | | | |
| No. | Project Name and detail | Start Date | End Date | R' 000 Total Value |
| 4 & 5 | Upgrading of Bulk Water supply in Koffiefontein (Ditlhake) | 2014 | 2016 | R10,872,689 |
| 2 | Jacobsdal: Upgrading of waste water treatment works (Phase 2) | 2014 | Not yet completed | R6,523,302 |
| 1 to 6 | Letsemeng: Provision of 10 High-Mast Lights | 2015 | 2016 | R4,660,320 |
| 2 | Construction of 5MI Reservoir | 2015 | 2016 | R4,176,047 |
| 1 | Upgrade Luckhoff WTW to increase water supply times and coverage | 2015 | 2016 | R3,586,000 |
| 4 | Koffiefontein/Diamanthoogte: upgrading of Access Road and Storm Water (0.5km) | 2015 | 2016 | R3,508,949 |
| 3 & 6 | Petrusburg/Bolokanang: Upgrading of internal sewer network | 2015 | 2016 | R1,900,000 |

| Basic Service Provision | | | | | |
|---|-------|------------|-------------|--------|---------|
| Detail | Water | Sanitation | Electricity | Refuse | Housing |
| Households with minimum service delivery | 8916 | 8021 | 8040 | 8081 | |
| Households without minimum service delivery | | 692 | 0 | 0 | |
| Total Households* | 8916 | 8713 | 8040 | 8081 | |
| Houses completed in year | | | | | |
| Shortfall in Housing units | | | | | |
| *Including informal settlements | | | | | |

| Top Four Service Delivery Priorities for Ward (Highest Priority First) | | |
|--|--|---|
| Ward No. | Priority Name and Detail | Progress During '2015/16 |
| 3 & 6 (Petrusburg) | Increase borehole capacity, and later add more boreholes or alternative supply | Phase 1 of the project which was investigating and testing is completed |
| 2 (Jacobsdal) | Upgrade WTW to increase water supply times and coverage | Phase 1 of the project which was Building of the reservoir and refurbishing the current WTW |
| 1 (Luckhoff) | Upgrade WTW to increase water supply times and coverage | Phase 2 of the project completed which dealt with mainly refurbishing the |
| 4 & 5 (Koffiefontein) | Refurbish the WTW to increase water quality and increase the daily production of the plant | Phase 1 of the project in progress |

Appendices

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/16

| Municipal Audit Committee Recommendations | | |
|---|---|--|
| Date of Committee | Committee recommendations during 2015/16 | Recommendations adopted (enter Yes) If not adopted (provide explanation) |
| 20 Jan 2017 | Management must implement action plans that will address the root causes of all the findings contained in Auditor General's management report and audit report; | |
| | Emphasis be made on shortening the turnaround time of addressing the AG findings | |
| | The Municipal Manager to ensure implementation of the agreed action plans and report to the Audit Committee on a quarterly basis. | |
| | The Audit Action Plan progress report be a standing item in all Management Meeting | |
| | The Mayor must be briefed by the Municipal Manager on progress made in resolving all the AG audit findings contained in the management report and audit report. | |
| | The Internal Audit verify the accuracy of the reported implementation status on the action plans and report to the Audit Committee | |
| | The Compliance issues must be followed up and resolved by Management. | |
| | The Management maintain improved internal controls in order to meet the requirements of MFMA and the Municipal Regulations for better audit outcomes. | |
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Appendices

APPENDIX G – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| Long Term Contracts (20 Largest Contracts Entered into during 2015/16) R' 000 | | | | | |
|--|---|---------------------------|----------------------------|--------------------|-------------------|
| Name of Service Provider (Entity or Municipal Department) | Description of Services Rendered by the Service Provider | Start Date of Contract | Expiry date of Contract | Project manager | Contract Value |
| NONE | | | | | |
| TH.1 | | | | | |

| Public Private Partnerships Entered into during 2015/16 R' 000 | | | | | |
|---|--------------------|--------------------|-------------|--------------------|------------------|
| Name and Description of Project | Name of Partner(s) | Initiation Date | Expiry date | Project manager | Value 2015/16 |
| None entered into. | | | | | |
| | | | | | |
| TH.2 | | | | | |

APPENDIX H – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The municipality do not have a municipal entity.

Appendices

APPENDIX I – DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|--|---------------------|---|
| Period 1 July to 30 June of 2015/16 (Current Year) | | |
| Position | Name | Description of Financial interests* (Nil / Or details) |
| (Executive) Mayor | | |
| Member of MayCo / Exco | Cllr T.I.Reachable | Nil |
| | Cllr M.M.Tsilaone | Nil |
| | Cllr V.Mona | Nil |
| | Cllr P.J.Louw | Nil |
| | Cllr P.Dibe | Nil |
| | Cllr A.Mpatshehla | Nil |
| | Cllr S.Musa | Nil |
| Councillors | Cllr K.Nel | Familie Trust |
| | Cllr V.Coetzee | Lulama Beleggings |
| | | |
| Municipal Manager | B.A.Mnguni | Mashavana corporative |
| Chief Financial Officer | K.Khoabane | Nil |
| | | |
| Other S57 Officials | T.F.Deeuw | Sabzenzele |
| | (Acting) K.R.Bapela | Nil |
| | CJ Makhoba | Nil |
| | | |
| T J | | |

Appendices

APPENDIX J: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX J (i): REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote | | | | | | |
|--|---------|------------------|-----------------|------------------|-----------------|--------------------|
| | | | | | | R' 000 |
| Vote Description | 2014/15 | Current: 2015/16 | | 2015/16 Variance | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Councillors - Vote 1 | | 8 | 8 | 34 619 | 8 | 8 |
| Municipal Manager - Vote 2 | | 1 000 | 1 000 | 700 | 1 000 | 1 000 |
| Corporate Services - Vote 3 | | 353 | 353 | 131 | 353 | 353 |
| Finance Services - Vote 4 | | 82 090 | 82 090 | 34 619 | 82 090 | 82 090 |
| Technical Services - Vote 5 | | 49 247 | 49 247 | 36 196 | 49 247 | 49 247 |
| Community Services - Vote 6 | | 749 | 749 | 331 | 749 | 749 |
| Total Revenue by Vote | | | | | | |
| | | | | | | <i>T K.1</i> |

Appendices

APPENDIX J (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

| Revenue Collection Performance by Source | | | | | | |
|--|----------|-----------------|--------------------|----------|------------------|--------------------|
| Description | 2014/15 | 2015/16 | | | 2015/16 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Property rates | 14 564 | 15 946 | 14 836 | 15 112 | 15 946 | 14 836 |
| Property rates - penalties & collection charges | - | | - | - | | - |
| Service Charges - electricity revenue | 14 162 | 25 591 | 17 525 | 15 106 | 25 591 | 17 525 |
| Service Charges - water revenue | 5 159 | 8 413 | 7 824 | 8 107 | 8 413 | 7 824 |
| Service Charges - sanitation revenue | 6 246 | 7 780 | 8 558 | 8 637 | 7 780 | 8 558 |
| Service Charges - refuse revenue | 5 749 | 7 540 | 8 143 | 8 496 | 7 540 | 8 143 |
| Service Charges - other | - | - | - | - | - | - |
| Rentals of facilities and equipment | 245 | 478 | 478 | 504 | 478 | 478 |
| Interest earned - external investments | 1 850 | 3 710 | 3 710 | 231 | 3 710 | 3 710 |
| Interest earned - outstanding debtors | 4 743 | - | - | - | - | - |
| Dividends received | 5 | 5 | 5 | 6 | 5 | 5 |
| Fines | 5 | 53 | 53 | 89 | 53 | 53 |
| Licenses and permits | - | 6 | 6 | - | 6 | 6 |
| Agency services | - | - | - | - | - | - |
| Transfers recognised - operational | 53 929 | 53 514 | 53 514 | 68 815 | 53 514 | 53 514 |
| Other revenue | 6 071 | 9 891 | 891 | 730 | 9 891 | 891 |
| Gains on disposal of PPE | - | - | - | - | - | - |
| Environmental Protection | 14 564 | 15 946 | - | | 15 946 | - |
| Total Revenue (excluding capital transfers and contributions) | - | 132 927 | 115 543 | - | - | - |
| T K.2 | | | | | | |

Appendices

APPENDIX K: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

| Conditional Grants: excluding MIG | | | | | | R' 000 |
|---|--------------|-----------------------|-------------|-------------|-----------------------|--|
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjustments Budget | |
| Neighbourhood Development Partnership Grant | | | | | | |
| | | | | | | |
| | | | | | | |
| Public Transport Infrastructure and Systems Grant | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| <i>Other Specify:</i> | | | | | | |
| FMG | 1 800 | 1 800 | 1800 | 1800 | 1800 | |
| MSIG | 930 | 930 | 934 | 930 | 930 | |
| EPWP | 1 000 | 1 000 | 1010 | 1000 | 1000 | |
| Total | 3 730 | 3 730 | 3744 | 3730 | 3730 | |
| | | | | | | <i>TL</i> |

Appendices

APPENDIX L: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX L (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

| Capital Expenditure - New Assets Programme* | | | | | | | |
|---|---------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| Description | 2014/15 | 2015/16 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | – | 62 945 | 19 823 | – | – | – | – |
| Infrastructure: Road transport - Total | – | 50 | 484 | – | – | – | – |
| Roads, Pavements & Bridges | | 50 000 | 484 000 | | | | |
| Storm water | | | | | | | |
| Infrastructure: Electricity - Total | – | 5 432 | 6 019 | – | – | – | – |
| Generation | | 5 432 000 | 6 019 000 | | | | |
| Transmission & Reticulation | | | | | | | |
| Street Lighting | | | | | | | |
| Infrastructure: Water - Total | – | 600 | 600 | – | – | – | – |
| Dams & Reservoirs | | 600 000 | 600 000 | | | | |
| Water purification | | | | | | | |
| Reticulation | | | | | | | |
| Infrastructure: Sanitation - Total | – | 53 461 | 11 527 | – | – | – | – |
| Reticulation | | 53 461 000 | 11 527 000 | | | | |
| Sewerage purification | | | | | | | |
| Infrastructure: Other - Total | – | 3 402 | 1 193 | – | – | – | – |
| Waste Management | | 3 402 000 | 1 193 000 | | | | |
| Transportation | | | | | | | |
| Gas | | | | | | | |
| Community - Total | – | 3 101 | 2 809 | – | – | – | – |
| Parks & gardens | | 2 588 000 | 2 482 000 | | | | |
| Sportsfields & stadia | | | | | | | |
| Swimming pools | | 252 000 | 222 000 | | | | |
| Community halls | | | | | | | |
| Libraries | | | | | | | |
| Recreational facilities | | | | | | | |
| Fire, safety & emergency | | | | | | | |
| Security and policing | | | | | | | |
| Buses | | | | | | | |
| Clinics | | | | | | | |
| Museums & Art Galleries | | | | | | | |
| Cemeteries | | | | | | | |
| Social rental housing | | | | | | | |
| Other | | 261 000 | 105 000 | | | | |

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|--|---------|-----------------|-------------------|-----------------------------|--------|--------|--------|
| Capital Expenditure - New Assets Programme* | | | | | | | |
| Description | 2014/15 | 2015/16 | | Planned Capital expenditure | R '000 | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Heritage assets - Total | - | - | | - | - | - | - |
| Buildings | | | | | | | |
| Other | | | | | | | |
| Investment properties - Total | - | - | | - | - | - | - |
| Housing development | | | | | | | |
| Other | | | | | | | |
| - | | | | | | | |
| Other assets | - | 557 | 232 | - | - | - | - |
| General vehicles | | | | | | | |
| Specialised vehicles | | | | | | | |
| Plant & equipment | | | | | | | |
| Computers - hardware/equipment | | | | | | | |
| Furniture and other office equipment | | | | | | | |
| Abattoirs | | | | | | | |
| Markets | | | | | | | |
| Civic Land and Buildings | | | | | | | |
| Other Buildings | | | | | | | |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | 557 000 | 232 000 | | | | |
| | - | 0 | | - | - | - | - |
| Agricultural assets | | | | | | | |
| List sub-class | | | | | | | |
| Biological assets | - | 0 | | - | - | - | - |
| List sub-class | | | | | | | |
| Intangibles | - | 202 | 202 | 305840 | - | - | - |
| Computers - software & programming | | | | | | | |
| Other (list sub-class) | | 202 000 | 202 000 | 305840 | | | |
| Total Capital Expenditure on new assets | - | 66 805 | 23 066 | 305840 | - | - | - |

Appendices

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | |
|--|---------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| Description | 2014/15 | 2015/16 | | | Planned Capital expenditure | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | - | - | | - | - | - | - |
| Infrastructure: Road transport -Total | - | - | | - | - | - | - |
| Roads, Pavements & Bridges | | | | | | | |
| Storm water | | | | | | | |
| Infrastructure: Electricity - Total | - | - | | - | - | - | - |
| Generation | | | | | | | |
| Transmission & Reticulation | | | | | | | |
| Street Lighting | | | | | | | |
| Infrastructure: Water - Total | - | - | | - | - | - | - |
| Dams & Reservoirs | | | | | | | |
| Water purification | | | | | | | |
| Reticulation | | | | | | | |
| Infrastructure: Sanitation - Total | - | - | | - | - | - | - |
| Reticulation | | | | | | | |
| Sewerage purification | | | | | | | |
| Infrastructure: Other - Total | - | - | | - | - | - | - |
| Waste Management | | | | | | | |
| Transportation | | | | | | | |
| Gas | | | | | | | |
| Other | | | | | | | |
| Community | - | - | | - | - | - | - |
| Parks & gardens | | | | | | | |
| Sports fields & stadia | | | | | | | |
| Swimming pools | | | | | | | |
| Community halls | | | | | | | |
| Libraries | | | | | | | |
| Recreational facilities | | | | | | | |
| Fire, safety & emergency | | | | | | | |
| Security and policing | | | | | | | |
| Buses | | | | | | | |
| Clinics | | | | | | | |
| Museums & Art Galleries | | | | | | | |
| Cemeteries | | | | | | | |
| Social rental housing | | | | | | | |
| Other | | | | | | | |
| Heritage assets | - | - | | - | - | - | - |
| Buildings | | | | | | | |
| Other | | | | | | | |

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| Table continued from previous page | | | | | | | |
|--|---------|-----------------|-------------------|-----------------------------|--------|--------|--------|
| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | |
| Description | 2014/15 | 2015/16 | | Planned Capital expenditure | | | |
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| <u>Investment properties</u> | - | - | | - | - | - | - |
| Housing development | | | | | | | |
| Other | | | | | | | |
| <u>Other assets</u> | - | - | | - | - | - | - |
| General vehicles | | | | | | | |
| Specialised vehicles | | | | | | | |
| Plant & equipment | | | | | | | |
| Computers - hardware/equipment | | | | | | | |
| Furniture and other office equipment | | | | | | | |
| Abattoirs | | | | | | | |
| Markets | | | | | | | |
| Civic Land and Buildings | | | | | | | |
| Other Buildings | | | | | | | |
| Other Land | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | |
| Other | | | | | | | |
| <u>Agricultural assets</u> | - | - | | - | - | - | - |
| List sub-class | | | | | | | |
| <u>Biological assets</u> | - | - | | - | - | - | - |
| List sub-class | | | | | | | |
| <u>Intangibles</u> | - | - | | - | - | - | - |
| Computers - software & programming | | | | | | | |
| Other (list sub-class) | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | - | - | | - | - | - | - |
| | | | | | | | |
| <u>Specialised vehicles</u> | - | - | | - | - | - | - |
| Refuse | | | | | | | |
| Fire | | | | | | | |
| Conservancy | | | | | | | |
| Ambulances | | | | | | | |

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

Appendices

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2015/16

| Capital Programme by Project: '2015/16 | | | | | |
|---|-----------------|-------------------|--------|------------------------|-----------------------|
| | | | | | R' 000 |
| Capital Project | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | Variance (Act - OB) % |
| | | | | | |
| Water | | | | | |
| Petrusburg Boreholes | 2 373 | 1 200 | 1 173 | -2% | -102% |
| Reticulation Ratanang | 1 800 | – | 1 800 | 100% | 0% |
| Koffiefontein WTW | 6 500 | 1 200 | 5 300 | 77% | -23% |
| Luckhoff | 2 500 | – | 2 500 | 100% | 0% |
| Jacobsdal WTW Phase I Reservoir | 28 500 | 10 000 | 18 500 | 46% | -54% |
| Bulk upgrade 180 Stands Dithake | 4 000 | – | 4 000 | 100% | 0% |
| Sanitation/Sewerage | | | | | |
| Upgrading of Jacobsdal WWTW | 5 834 | – | 4 000 | 31% | 100% |
| Petrusburg/Bolokanang: Upgrading of internal sewer network | 1 119 | – | 1 119 | 0% | 100% |
| Luckhoff: Upgrading of WWTW | 3 586 | – | 3 586 | 0% | 100% |
| Electricity | | | | | |
| Letsemeng: Provision of 10 High-Mast Lights | 4 349 | – | 4 349 | 0% | 100% |
| ICT and Other | | | | | |
| Koffiefontein/Diamanthoogte: upgrading of Access Road and Storm Water (0.5km) | 3 509 | 300 | 3 809 | 92% | 8% |
| | | | | | |
| | | | | | T N |

Appendices

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2015/16

| Capital Programme by Project by Ward: 2015/16 R' 000 | | |
|---|------------------|--------------------------|
| Capital Project | Ward(s) affected | Works completed (Yes/No) |
| Water | | |
| Petrusburg Boreholes | 3 & 6 | No |
| Reticulation Ratanang | 2 | Yes |
| Koffiefontein WTW | 4&5 | No |
| Luckhoff WTW | 1 | No |
| Jacobsdal WTW Phase I Reservoir | 2&3 | Yes |
| Bulk upgrade 180 Stands Dithake | 4 | Yes |
| Sanitation/Sewerage | | |
| Luckhoff: Upgrading of waste water treatment works: (MIS: 221659) | 1 | Yes |
| Jacobsdal: Upgrading of waste water treatment works (Phase 2) | 2&3 | No |
| Petrusburg/Bolokanang: Upgrading of internal sewer network | 6 | Yes |
| Electricity | | |
| Letsemeng: Provision of 10 High-Mast Lights | All (1 to 6) | Yes |
| ICT and Other | | |
| Koffiefontein/Diamantheogte: upgrading of Access Road and Storm Water (0.5km) | 4 | No |
| | | |
| | | |
| T O | | |

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

| Service Backlogs: Schools and Clinics | | | | |
|---|-------|------------|-------------|------------------------|
| Establishments lacking basic services | Water | Sanitation | Electricity | Solid Waste Collection |
| Schools (NAMES, LOCATIONS) | | | | |
| None that the municipality is aware of. | | | | |
| | | | | |
| Clinics (NAMES, LOCATIONS) | | | | |
| None that the municipality is aware of. | | | | |
| | | | | |
| T P | | | | |

Appendices

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

| Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis) | | |
|--|---|--------------------|
| Services and Locations | Scale of backlogs | Impact of backlogs |
| Clinics: | None that the municipality is aware of. | |
| | | |
| | | |
| | | |
| Housing: | | |
| | | |
| | | |
| | | |
| Licensing and Testing Centre: | | |
| | | |
| | | |
| Reservoirs | | |
| | | |
| | | |
| Schools (Primary and High): | | |
| | | |
| | | |
| | | |
| Sports Fields: | | |
| | | |
| | | |
| | | |
| | | T Q |

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

| Declaration of Loans and Grants made by the municipality: 2015/16 | | | | |
|---|-------------------|--------------------------------|----------------------|---|
| All Organisation or Person in receipt of Loans */Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value 2015/16 R' 000 | Total Amount committed over previous and future years |
| No grants or loans were made. | | | | |
| * Loans/Grants - whether in cash or in kind | | | | T R |

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